

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

fiscal years
2018
2019

FOR THE FISCAL YEARS ENDED AUGUST 31, 2018 & 2019
AUSTIN COMMUNITY COLLEGE DISTRICT • TEXAS



Austin Community College District

Austin, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended August 31, 2019 and 2018

Prepared by

Finance and Administration

Austin Community College District

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INTRODUCTORY
SECTION

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AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

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Austin, Texas

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AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

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AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

BOARD OF TRUSTEES AND KEY OFFICERS
August 31, 2019

BOARD OF TRUSTEES

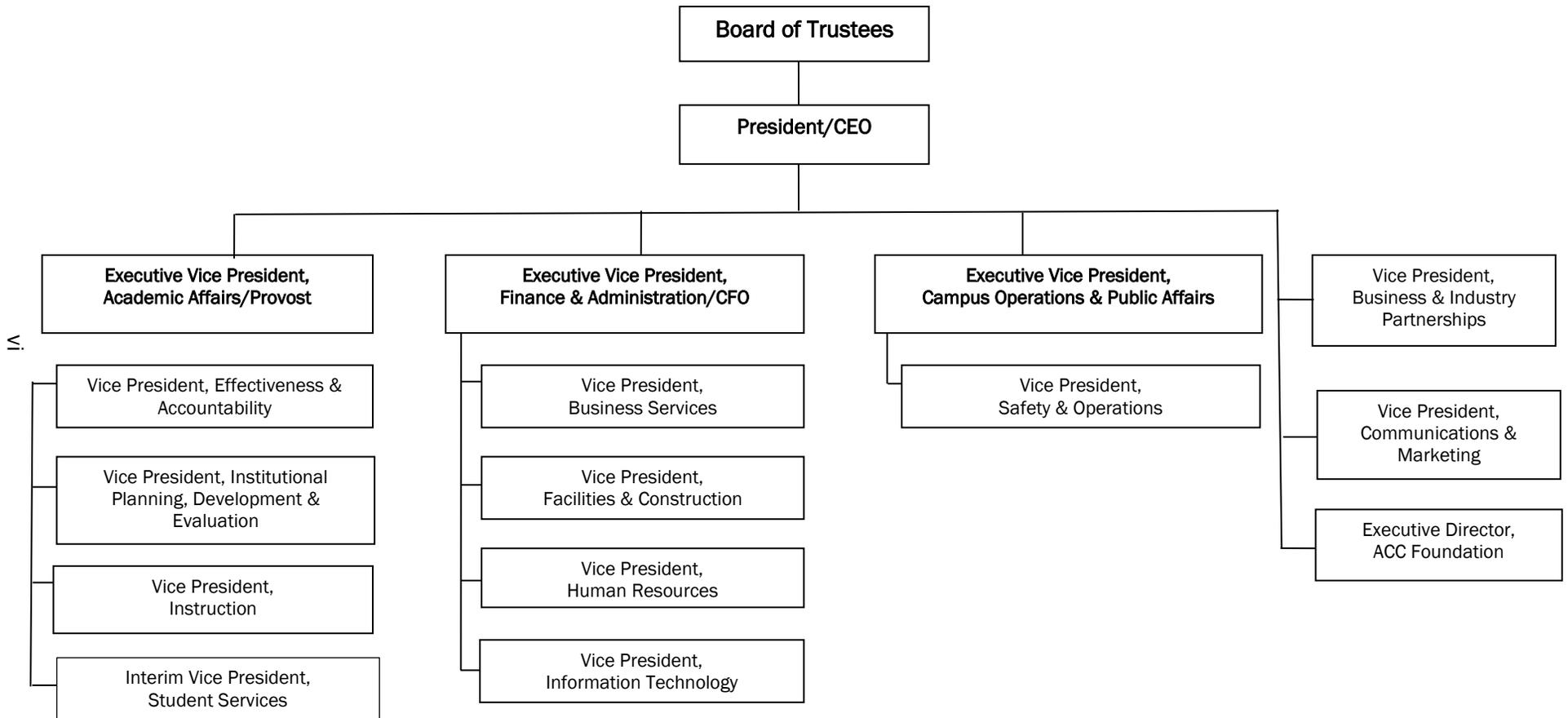
Place #	Members	Term Expires
1	Mr. Mark J. Williams, Vice-Chair	November 2020
2	Ms. Gigi Edwards Bryant, Chair	November 2020
3	Dr. Nan McRaven	November 2020
4	Mr. Sean Hassan	November 2022
5	Ms. Nicole Eversmann	November 2022
6	Dr. Nora de Hoyos Comstock, Secretary	November 2022
7	Dr. Barbara P. Mink	November 2024
8	Ms. Stephanie Ann Gharakhanian	November 2024
9	Ms. Julie Ann Nitsch	November 2024

KEY OFFICERS

Name	Title
Dr. Richard Rhodes, CPA	President/CEO
Dr. Charles Cook	Executive Vice President, Academic Affairs/Provost
Dr. Molly Beth Malcolm	Executive Vice President, Campus Operations & Public Affairs
Mr. Neil Vickers, CPA	Executive Vice President, Finance & Administration/CFO
Mr. Garrett Groves	Vice President, Business & Industry Partnerships
Ms. Angela Hodge	Vice President, Business Services
Ms. Brette Lea	Vice President, Communications & Marketing
Ms. Soon Merz Flynn	Vice President, Effectiveness and Accountability
Mr. Bill Mullane	Vice President, Facilities and Construction
Ms. Gerry Tucker	Vice President, Human Resources
Mr. Imad Costantini	Vice President, Information Technology
Dr. Mary E. Harris	Vice President, Institutional Planning, Development and Eval.
Mr. Mike Midgley, CPA	Vice President, Instruction
Dr. Wayne Maines	Vice President, Safety & Operations
Dr. Guillermo Martinez	Interim Vice President, Student Services
Ms. Stephanie Dempsey	Executive Director, ACC Foundation

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

ORGANIZATIONAL CHART
August 31, 2019



December 20, 2019

Honorable Chair, Board of Trustees, and President
The Citizens of the Austin Community College District

Dear Board Members and President:

The following comprehensive annual financial report of the Austin Community College District (“the College”) for the fiscal year ended August 31, 2019, is hereby submitted. Responsibility for the preparation and integrity of the financial information, and the completeness and fairness of the presentation, including all disclosures, rests with the College. The College relies on a comprehensive framework of internal controls. Since the cost of controls should not exceed the benefits derived, the internal controls are designed to provide reasonable, rather than an absolute, assurance that the financial statements are free of material misstatements. The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) and comply with Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges as set forth by the Texas Higher Education Coordinating Board (THECB). The Notes to the Basic Financial Statements are provided in the financial section and are considered essential to fair presentation and adequate disclosure for this financial report. The notes include the Summary of Significant Accounting Policies for the College and other necessary disclosures of important matters relating to the financial position of the College. The notes are treated as an integral part of the financial statements and should be read in conjunction with them. The Management’s Discussion and Analysis (MD&A) is provided to supplement the basic financial statements, related notes and this transmittal letter. The purpose of the MD&A is to provide an objective and readable analysis of the College’s financial activities.

The College is reported as a special-purpose governmental entity engaged solely in business-type activity (BTA). In accordance with GASB Statements 34 and 35, this presentation of financial reporting combines all fund groups into a single column and resembles the format of the corporate presentation, thus facilitating comparison.

To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the College. All disclosures necessary to enable the reader to gain an understanding of the College’s financial activities have been included.

The College is required to undergo an annual federal single audit to conform to the provisions of the Federal Single Audit Act, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards*, and an annual state single audit in conformity with the Texas Governor’s Office of Budget and Planning *Uniform Grant Management Standards Single Audit Circular*. Information related to these Single Audits, including the schedule of expenditures of federal awards, schedule of expenditures of state awards, and auditor’s reports on compliance and internal controls, are included in the federal and state single audit sections of this report.

Governmental Structure

The Austin Community College District was established as a public community college in December 1972 and began operations in September 1973. The College operates as a community college district under the Texas Education Code. The College is governed by an elected nine-member Board of Trustees (“the Board”). At each election, three Trustees are elected to serve in a six-year, at-large position. The Board holds regularly scheduled meetings on the first Monday of each month unless otherwise announced. Board meetings are held in the Boardroom at the College’s administrative office building (Highland Business Center) unless otherwise provided in the notice of a meeting.

The Board has the final authority to determine and interpret the policies that govern the College and has oversight responsibility for the College’s activities, limited only by the state legislature, the courts, and the will of the people as expressed in Board of Trustee elections. Official Board action is only taken in meetings that comply with the Texas Open Meetings Act.

In general, the Board provides policy direction and sets goals for the College consistent with the College’s role and mission. Besides general Board business, trustees are charged with numerous statutory regulations, including appointing the tax assessor/collector, ordering elections, and issuing bonds. The Board is also responsible for appointing the President, setting the tax rate, and adopting the budget for the ensuing fiscal year.

Service Area

The Austin Community College District is dedicated to providing a quality education that exceeds the expectations of its service area as defined by Texas Education Code 130.166. This service area includes all of Hays, Caldwell, and Blanco counties, most of Travis and Bastrop counties, and part of Williamson, Guadalupe, Lee, and Fayette counties.

Vision, Values, and Mission

Vision Statement: The Austin Community College District will be recognized as the preferred gateway to higher education and training and as the catalyst for social equity, economic development, and personal enrichment.

Value Statements: The Austin Community College District values and respects each student. In Austin Community College District’s internal and external interactions with each other and our community, we value:

- Student success and equity in which all students have equal opportunity and support to achieve their academic goals.
- Student access to affordable, challenging, and empowering higher education.
- Excellence, innovation, and relevance in all of our programs and services.
- Preparation of students for a globally competitive and technologically complex workplace.
- Open, honest, and respectful communication, collaboration, and teamwork in all of our operations.
- Promotion of diversity as a means of understanding, tolerance, an appreciation of cultural and individual differences, and a democratic society.
- Ongoing professional development by all faculty, staff, and administrators.
- The use of data and proven best practices in our evaluation processes, decision-making, and plans for continuous improvement.
- Ethical, effective/efficient, and accountable use of public resources.

- Partnerships with local, state, national and international entities that are respectful, engaging, and help us leverage our resources and expand our expertise.
- Creation and maintenance of a sustainable, safe, and healthy environment for students and employees, including freedom from all forms of discrimination and harassment.

Mission Statement: The Austin Community College District promotes student success and community development by providing affordable access, through traditional and distance learning modes, to higher education and workforce training, including the appropriate applied baccalaureate degrees, in its service area.

Economic Condition and Outlook

The College's service area is located in Central Texas, about 150 miles inland from the Gulf of Mexico. According to the US Census Bureau, the estimated 2018 population of the Austin-Round Rock MSA was 2,168,316 and increase of 26.3 percent since 2010. Growth in these counties is expected to continue at this rate or faster in the future. Austin is the state capital, and consequently, 22 percent of its workforce is employed by government agencies. The remainder of the counties' economic base consists of manufacturing, computer technology, and trade and service industries.

The Austin-Round Rock MSA continues to outpace the national averages in economic indicators. According to the Texas Workforce Commission, the Austin-Round Rock MSA labor force increased 1.5 percent from 1,191,906 in 2018 to 1,209,485 in 2019. The unemployment rate in 2019 was 2.8 percent, which is significantly lower than the statewide unemployment rate of 3.6 percent, and the national unemployment rate of 3.8 percent. According to the US Census, residents of the Austin-Round Rock MSA are typically well educated, with 41 percent of the workforce population age 25 or older possessing a bachelor's degree or higher.

The College's financial position has been strengthening over the last three years, including a \$17.6 million increase in net position in 2019. This strength is due to a commitment from the Board and administration to sound financial planning and budget performance. The College has increased its use of long-term planning and financial forecasting, which has improved the decision-making process. The local economy is very strong, including very low unemployment and a strong real estate market. While low unemployment usually has a negative impact on community college enrollments, any negative financial impacts for lower enrollments has been more than offset by increases in *ad valorem* taxes.

While recently stable, State funding continues to be a concern. The College's formula appropriations were relatively unchanged for the 2018-2019 biennium. However, the current funding rate is significantly less per contact hour than the College was receiving in 2000. With that said, the College is committed to the legislative process and will continue to work with State leaders to inform them of the crucial role of community colleges for the State's economic and social well-being.

Financial Planning and Budgeting

The College's financial planning is comprised of three processes:

- Long-Term Facilities Plan
- Five Year Strategic Plan
- Annual Budget, including 10-year projections

The College developed a regional facility master plan designed specifically to address the College's future enrollment projections. The facilities plan identifies potential expansions and needed

renovations at each campus in order to meet future enrollment projections. In November 2014, the voters passed a \$386 million bond referendum which will provide funding to implement many of the projects identified in the plan.

The above recommendations, along with major instructional and operational initiatives, are incorporated into a five-year strategic plan, which is driven by strategic goals developed by the President and approved by the Board. This strategic plan identifies the major initiatives that the College will focus on for the next five years, and therefore, it drives the annual budget decisions.

The annual budget is developed with a bottom-up approach, with the approved strategic plan serving as a guide. During the budget development cycle, departments are asked to identify the funds needed in their departmental budgets in order to accomplish the goals laid out in the strategic plan. After this information is collected from the departments, it is compiled into a proposed College-wide budget. That budget, accompanied by budget projections for the next ten years, is then presented to the Board. The budget projections incorporate the proposed new initiatives and other operating increases to demonstrate the long-term impact of the current year funding decisions, and they also project future tuition rate increases.

The combined use of these three planning devices allows the College to develop funding strategies to meet its future expenditure needs and maintain a strong financial balance. Thanks to the College's commitment to planning, in the last five years the College has met the demands of both enrollment increases and increased programs and services for students, while nonetheless maintaining a balanced fiscal position.

Major Initiatives

The College has devoted significant time and effort to plan for the future. During 2019, the College developed a new strategic plan, and continued progress with its current facilities master with a focus on increasing participation and success in higher education. The College has emerged as the regional leader in the effort to promote economic development through an educated workforce.

The College is moving ahead with significant plans for expansion, thanks to its community support, and it expects to maintain its role as a major source of post-secondary education and economic development in the Central Texas region. For 2020, the College plans to further develop its strategic academic and facilities plan.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The College's Board of Trustees selected the accounting firm of RSM US LLP. In addition to meeting the requirements outlined in State statutes, their audit also was designed to meet the requirements of the Federal Single Audit Act, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards and the State of Texas Single Audit Circular. The Independent Auditors Report includes an "unmodified" opinion for the financial statements can be found on page 1. The auditor's reports explicitly related to the Single Audits are included in the Single Audit Sections.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Austin Community College

District for its comprehensive annual financial report for the fiscal year ended August 31, 2018. It was the sixteenth consecutive year that the College received this prestigious award. To be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized, comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

We are grateful to the Board of Trustees for its interest in planning and oversight of the financial operations of the College. We especially want to acknowledge the staff of Business Services for their hard work and dedicated service, for we could not have accomplished the preparation of this report without their diligent efforts. We would also like to thank the accounting firm of RSM US LLP for their assistance with the audit.

Respectfully,

A handwritten signature in black ink, appearing to read "Neil Vickers", is written over a horizontal line.

Neil Vickers, C.P.A.
Executive Vice President,
Finance & Administration

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Austin Community College District
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2018

Christopher P. Morrell

Executive Director/CEO

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FINANCIAL
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RSM US LLP

Independent Auditor's Report

To the Board of Trustees
Austin Community College District

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Austin Community College District (the College) as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Austin Community College Foundation, the discretely presented component unit of the College, as of and for the year ended May 31, 2019. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component unit, Austin Community College Foundation, audited separately by other auditors, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

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College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of August 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter—Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of College's Proportionate Share of Net Pension Liability, Schedule of Contributions to the Teacher Retirement System, Schedule of College's Proportionate Share of Net OPEB-ERS Liability, Schedule of Funding Progress and Notes to Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matter—Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Schedule of Operating Revenues; Schedule of Operating Expenses by Object; Schedule of Non-Operating Revenues and Expenses; Schedule of Net Position by Source and Availability; the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the Schedule of Expenditures of State Awards, as required by the State of Texas *Single Audit Circular*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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The Schedule of Operating Revenues, Schedule of Operating Expenses by Object, Schedule of Non-Operating Revenues and Expenses, Schedule of Net Position by Source and Availability, Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards are the responsibility of management and were derived from and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the Schedule of Operating Revenues, Schedule of Operating Expenses by Object, Schedule of Non-Operating Revenues and Expenses, Schedule of Net Position by Source and Availability, Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Matter—Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

RSM US LLP

Austin, Texas
December 20, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

The following discussion and analysis of the Austin Community College District's ("the College") annual financial statements provides an overview of the College's financial activities for the years ended August 31, 2019 (Fiscal Year 2019), 2018 (Fiscal Year 2018), and 2017 (Fiscal Year 2017), and identifies changes in its financial position for these years. In conformity with Government Accounting Standards Board (GASB) Statement No. 34, the discussion focuses on currently known facts, decisions, and conditions that have an impact on the financial activities of the College, and is intended to assist the reader in the interpretation of the financial statements. The financial statements should be read in conjunction with the Notes to the Basic Financial Statements.

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), and comply with reporting requirements as set by the Texas Higher Education Coordinating Board (THECB). Three primary statements are required: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

Financial statements for the College's discrete component unit, Austin Community College Foundation ("the Foundation"), are issued independently from the College. The Foundation's financial information for fiscal years 2019 and 2018 is shown on separate pages behind the College's basic financial statements. Refer to Notes 1 and 24 in the Notes to the Basic Financial Statements for more detail on the Foundation.

The College formed the Austin Community College District Public Facility Corporation ("the PFC"), which was incorporated on December 21, 2007, as a non-profit corporation formed under the Texas Public Facility Corporation Act. The PFC was established to assist the College with financing, refinancing, providing, or otherwise facilitating the acquisition of public facilities. The PFC is reported as a blended component unit in the financial statements of the College; therefore, its activities are blended with those of the College. Refer to Note 1 in the Notes to the Basic Financial Statements for more detail on the PFC.

The following management discussion and analysis is intended to provide readers with an overview of the basic financial statements.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

Statement of Net Position

The Statement of Net Position includes assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of the end of the year. The College had both current and non-current assets and liabilities and deferred inflows and outflows of resources. Current assets are those assets that are available to satisfy current liabilities or liabilities that are due within one year. Non-current assets include capital assets, restricted investments, and other assets not classified as current. Non-current liabilities include bonds payable and other long-term commitments. Net position equals assets plus deferred outflows of resources, minus liabilities, minus deferred inflows of resources. Net position is one indicator of whether the overall financial condition has improved or deteriorated during the year when considered with other factors such as enrollment, contact hours of instruction, student retention and other non-financial information.

Finally, the Statement of Net Position is useful in determining the assets available to continue operations as well as how much the College owes to vendors, bondholders, and other entities at the end of the year.

Additional detail regarding the basis of accounting and major categories of net position can be found in Note 2 in the Notes to the Basic Financial Statements.

**Condensed Statement of Net Position
(In Millions)**

	<u>August 31</u>			<u>Change</u>	
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2018 to 2019</u>	<u>2017 to 2018</u>
Assets					
Current Assets	\$ 187.9	\$ 180.1	\$ 161.1	\$ 7.8	\$ 19.0
Capital Assets, Net of Accum. Deprec.	809.4	685.3	571.6	124.1	113.7
Other Noncurrent Assets	195.9	299.6	153.5	(103.7)	146.1
Total Assets	<u>1,193.2</u>	<u>1,165.0</u>	<u>886.2</u>	<u>28.2</u>	<u>278.8</u>
Deferred Outflows of Resources	148.5	14.0	17.9	134.5	(3.9)
Liabilities					
Current Liabilities	131.4	105.9	97.2	25.5	8.7
Noncurrent Liabilities	1,101.4	1,020.8	721.7	80.6	299.1
Total Liabilities	<u>1,232.8</u>	<u>1,126.7</u>	<u>818.9</u>	<u>106.1</u>	<u>307.8</u>
Deferred Inflows of Resources	63.2	24.3	6.3	38.9	18.0
Net Position					
Net Investment in Capital Assets	119.8	78.9	62.2	40.9	16.7
Restricted: Expendable	19.5	15.8	16.1	3.7	(0.3)
Unrestricted (Deficit)	(93.6)	(66.7) (a)	0.6	(26.9)	(67.3)
Total Net Position	<u>\$ 45.7</u>	<u>\$ 28.0</u>	<u>\$ 78.9</u>	<u>\$ 17.7</u>	<u>\$ (50.9)</u>

Note:

(a) To reflect the adoption of GASB 75, beginning net position was restated to record the beginning net Other Postemployment Benefits Liability and related deferred inflows and outflows as of the beginning of the fiscal year.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

Since 2017, the College has increased its total assets by \$307.0 million, most of which is related to real estate acquisitions and facility construction in conjunction with the College's 2014 Bond Program. Unrestricted cash and investments increased by \$4.7 million, which reflects the College's positive operating results, on a cash basis.

Total liabilities increased from 2018 to 2019 by \$106.1 million. This increase was entirely due to an increase in the Pension and OPEB Liabilities. The increase in Pension and OPEB liabilities was partially offset by a reduction in outstanding debt of \$31.0 million due to principal payments on outstanding bonds and capital leases.

The College's net position was \$45.7 million in 2019, \$28.0 million in 2018, and \$78.9 million in 2017. This year's \$17.7 million increase in Total Net Position was due to increases in ad valorem tax revenue, tuition and fees, investment income, which was offset with an increase in operating expenses. The \$26.3 million increase in Total Net Position in 2018 was similarly due to positive operating performance.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the College's overall results of operations. The statement is divided into Operating Revenues, Operating Expenses, and Non-Operating Revenues and Expenses. The College is dependent primarily upon three sources of revenue: state appropriations; tuition and fees; and ad valorem taxes (property taxes). Since state appropriations and property taxes are classified as Non-Operating Revenues (per the GASB requirement), Texas community colleges will generally display an operating deficit before taking into account other support. Therefore, total revenues and total expenses should be considered in assessing the change in the College's financial position.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

Condensed Statement of Revenues, Expenses and Changes in Net Position
(In Millions)

	<u>Fiscal Year</u>			<u>Change</u>	
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2018 to 2019</u>	<u>2017 to 2018</u>
Operating Revenues					
Tuition and Fees, net	\$ 66.9	\$ 64.2	\$ 69.3	\$ 2.7	\$ (5.1)
Grants and Contracts	18.0	14.3	15.8	3.7	(1.5)
Auxiliary Enterprises	3.5	1.9	1.6	1.6	0.3
Other Operating Revenues	8.0	6.3	7.3	1.7	(1.0)
Total Operating Revenues	<u>96.4</u>	<u>86.7</u>	<u>94.0</u>	<u>9.7</u>	<u>(7.3)</u>
Operating Expenses	<u>388.6</u>	<u>331.9</u>	<u>318.0</u>	<u>56.7</u>	<u>13.9</u>
Operating Loss	<u>(292.3)</u>	<u>(245.2)</u>	<u>(224.0)</u>	<u>(47.1)</u>	<u>(21.2)</u>
Non-Operating Revenues (Expenses)					
State Appropriations	65.9	62.8	61.8	3.1	1.0
Ad Valorem Taxes	228.3	199.4	182.8	28.9	16.6
Federal Revenue, Non Operating	33.6	33.3	30.9	0.3	2.4
Investment Income	10.7	4.8	3.2	5.9	1.6
Interest on Capital-Related Debt	(32.5)	(27.5)	(27.7)	(5.0)	0.2
Gains/(loss) on Disposal of Capital Assets	3.9	(1.3)	-	5.2	(1.3)
Net Non-Operating Revenues	<u>309.9</u>	<u>271.5</u>	<u>250.9</u>	<u>38.4</u>	<u>20.6</u>
Increase In Net Position	17.6	26.3	26.9	(8.7)	(0.6)
Net Position					
Net Position, Beginning of Year	28.0	1.7 (a)	52.0	26.3	(50.3)
Net Position, End of Year	<u>\$ 45.7</u>	<u>\$ 28.0</u>	<u>\$ 78.9</u>	<u>\$ 17.7</u>	<u>\$ (50.9)</u>

Note:

(a) To reflect the adoption of GASB 75, beginning net position was restated to record the beginning net Other Postemployment Benefits Liability and related deferred inflows and outflows as of the beginning of the fiscal year.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

Key Factors impacting total revenues:

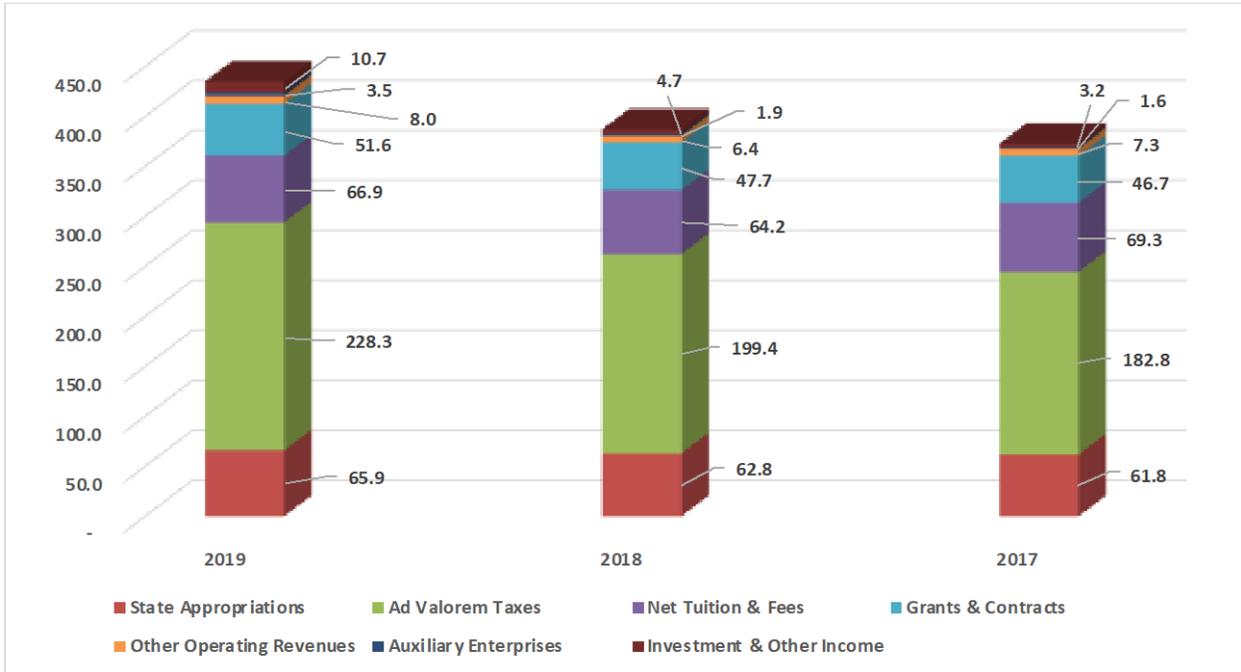
- State appropriations, which are categorized as non-operating revenues, were \$65.9 million in 2019, an increase of \$3.1 million over 2018. In 2018, state appropriations were \$62.8 million, an increase of \$1.0 million from 2017. Over the last three years, enrollments have been relatively unchanged, and as such, the State's enrollment funding has also been unchanged. The slight increase has been the result of the State's share of the increases in pension and OPEB related liabilities.
- Tuition and Fees, net of discounts, were up \$2.7 million in 2019; this increase was due to the expansion of the First Day Program which provides discounts on digital textbooks and class materials that are billed to students at the time of registration. Also, there was a \$1.4 million reduction in the amount of Tuition and Fees discounted due to the Allowance of Bad Debt. This lower discount results in an increased "net" Tuition and Fees. In 2018, Tuition and Fees, net of discounts, decreased by \$5.1 million primarily due to a slight reduction in total enrollments of about 1% along with a greater decrease in non-state resident enrollments which pay a higher tuition rate. Additionally, there was an increase in the "discounted tuition" which results in a lower Net Tuition and Fees. Tuition and Fees accounted for 15.4% of total revenue in the current year, compared to 16.6% in 2018, and 18.6 % in 2017.
- Grants and Contracts revenue increased by \$3.7 million from 2018 to 2019 due to the College being awarded additional funding. In particular, the College was awarded a \$2 million Defense Economic Adjustment Assistance Grant from the State of Texas Office of the Governor.
- Auxiliary Enterprises and Other Operating Revenue, which includes bookstores, vending, specific continuing education programs, miscellaneous fees, property rental, and testing fees, have increased by \$1.9 million since 2017. This increase was largely due to increased property rentals and expanded operations at the College's public golf course.
- Ad valorem taxes, which are categorized as non-operating revenues, increased by \$28.9 million in 2019, and increased by \$16.6 million in 2018. More specifically, the College recognized \$228.3 million of ad valorem tax revenue in 2019, \$199.4 million of ad valorem tax revenue in 2018, and \$182.8 million in 2017. The 2019 and 2018 increases are due to a growing local economy and the resulting increases in the taxable value of existing real estate and the addition of new properties. The increase in 2019 is partially due to the increases in the debt service tax levy resulting from the November 2014 tax bond referendum approved by College voters; in addition to valuation and new property growth in the local tax base. Ad valorem taxes in 2019 were 52.5% of total revenue compared to 51.5% in 2018, and 49.0% in 2017. See the graphical illustration on the next page.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

**Total Revenue by Source
(In Millions)**

	Fiscal Year			Change	
	2019	2018	2017	2018 to 2019	2017 to 2018
Revenue Sources:					
State Appropriations	65.9	62.8	61.8	3.1	1.0
Ad Valorem Taxes	228.3	199.4	182.8	28.9	16.6
Net Tuition & Fees	66.9	64.2	69.3	2.7	(5.1)
Grants & Contracts	51.6	47.7	46.7	3.9	1.0
Other Operating Revenues	8.0	6.4	7.3	1.6	(0.9)
Auxiliary Enterprises	3.5	1.9	1.6	1.6	0.3
Investment & Other Income	10.7	4.7	3.2	6.0	1.5
Total Revenue	\$ 434.9	\$ 387.1	\$ 372.7	\$ 47.8	\$ 14.5

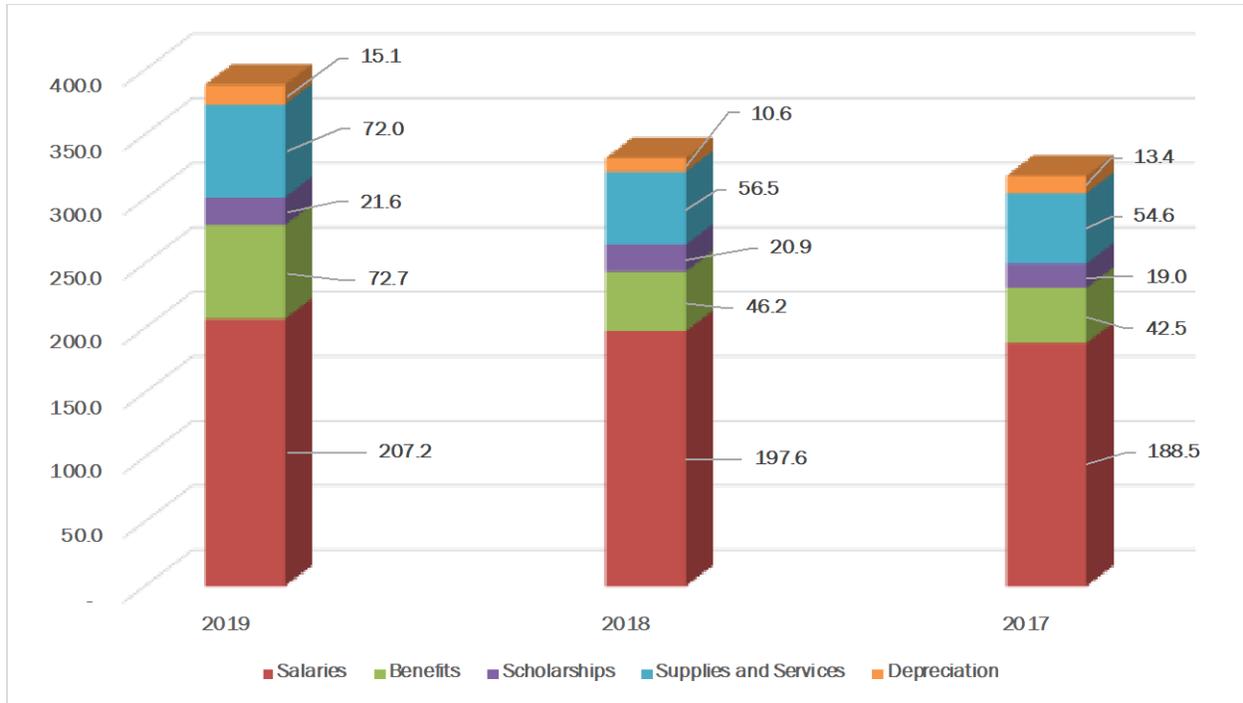


AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Operating Expenses - Natural Classification
(In Millions)

	Fiscal Year			Change	
	2019	2018	2017	2018 to 2019	2017 to 2018
Operating Expenses:					
Salaries	207.2	197.6	188.5	9.6	9.1
Benefits	72.7	46.2	42.5	26.5	3.7
Scholarships	21.6	20.9	19.0	0.7	1.9
Supplies and Services	72.0	56.5	54.6	15.5	1.9
Depreciation	15.1	10.6	13.4	4.5	(2.8)
Total Operating Expenses	\$ 388.6	\$ 331.9	\$ 318.0	\$ 56.8	\$ 13.8



AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

Factors impacting operating expenses by natural classification include the following:

- Salary expenses increased by \$9.6 million and \$9.1 million in 2019 and 2018, respectively. This increase was primarily due to employee salary raises of 3% approved for both years. Additionally, the College added staff in support of various student success initiatives.
- In 2019 and 2018, benefits expense increased by \$26.5 million and \$3.7 million, respectively. This increase is due to the increases in the College's proportionate share of the State's pension and OPEB liabilities.
- Total scholarship costs for 2019 were \$21.6 million, compared to \$20.9 million in 2018, and therefore relatively unchanged year over year.
- Supplies and services increased by \$17.4 million or 31.9% since 2017. The increase is primarily due to the expansion of the College's First Day program which provides discounts on digital textbooks and class materials that are billed to students at the time of registration, plus a significant investment in the College's technology infrastructure.
- Depreciation expense has increased by \$1.7 million since 2017. This is due to the increase in Building assets due to the 2014 Bond program.

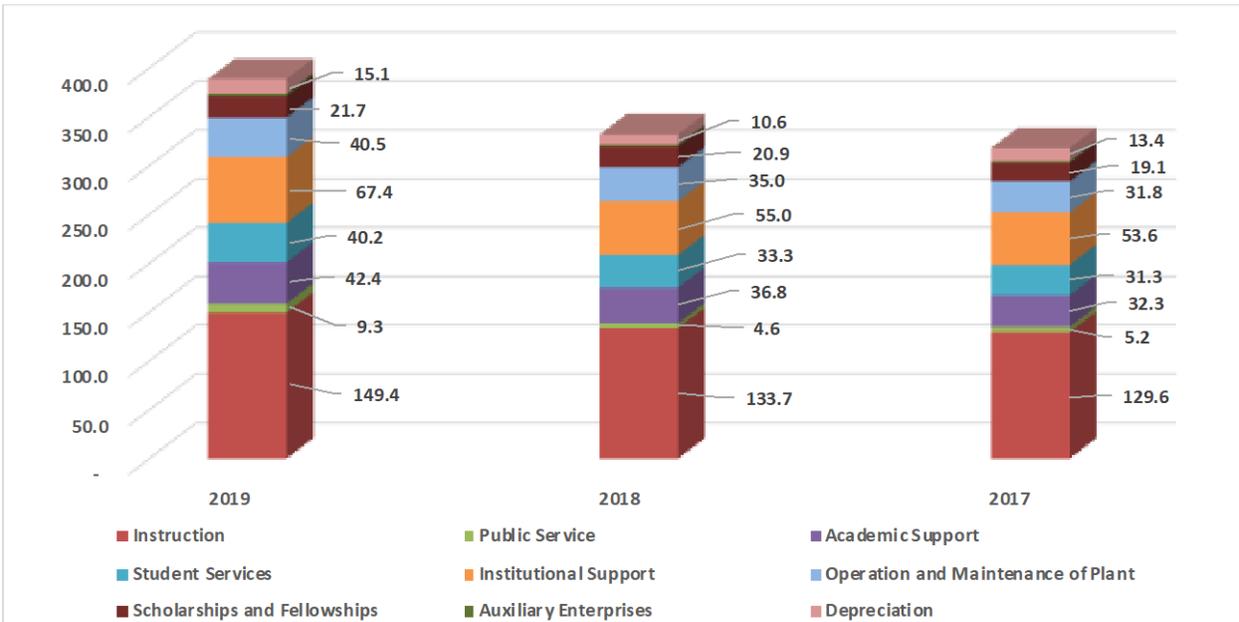
AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

As noted above for expenses by natural classification, in 2019 and 2018 the functional expenses increased due to salary increases, significantly higher benefits costs related to pension and OPEB liabilities, and an increase in technology-related expenditures.

**Operating Expenses - Functional Classification
(In Millions)**

	Fiscal Year			Change	
	2019	2018	2017	2018 to 2019	2017 to 2018
Operating Expenses:					
Instruction	149.4	133.7	129.6	15.7	4.1
Public Service	9.3	4.6	5.2	4.7	(0.6)
Academic Support	42.4	36.8	32.3	5.6	4.5
Student Services	40.2	33.3	31.3	6.9	2.0
Institutional Support	67.4	55.0	53.6	12.4	1.4
Operation and Maintenance of Plant	40.5	35.0	31.8	5.5	3.2
Scholarships and Fellowships	21.7	20.9	19.1	0.7	1.8
Auxiliary Enterprises	2.7	1.9	1.7	0.7	0.2
Depreciation	15.1	10.6	13.4	4.5	(2.8)
Total Operating Expenses	\$ 388.6	\$ 331.9	\$ 318.0	\$ 56.8	\$ 13.8



AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

Capital Assets

The College had \$809.3 million, \$685.3 million, and \$571.6 million net capital assets, at August 31, 2019, 2018, and 2017, respectively. The amount of accumulated depreciation was \$151.4 million, \$138.0 million, and \$128.7 million for fiscal years 2019, 2018, and 2017, respectively. Depreciation charges totaled \$15.1 million, \$10.6 million, and \$13.4 million for fiscal years 2019, 2018, and 2017, respectively.

**Capital Assets, Net, at Year-End
(In Millions)**

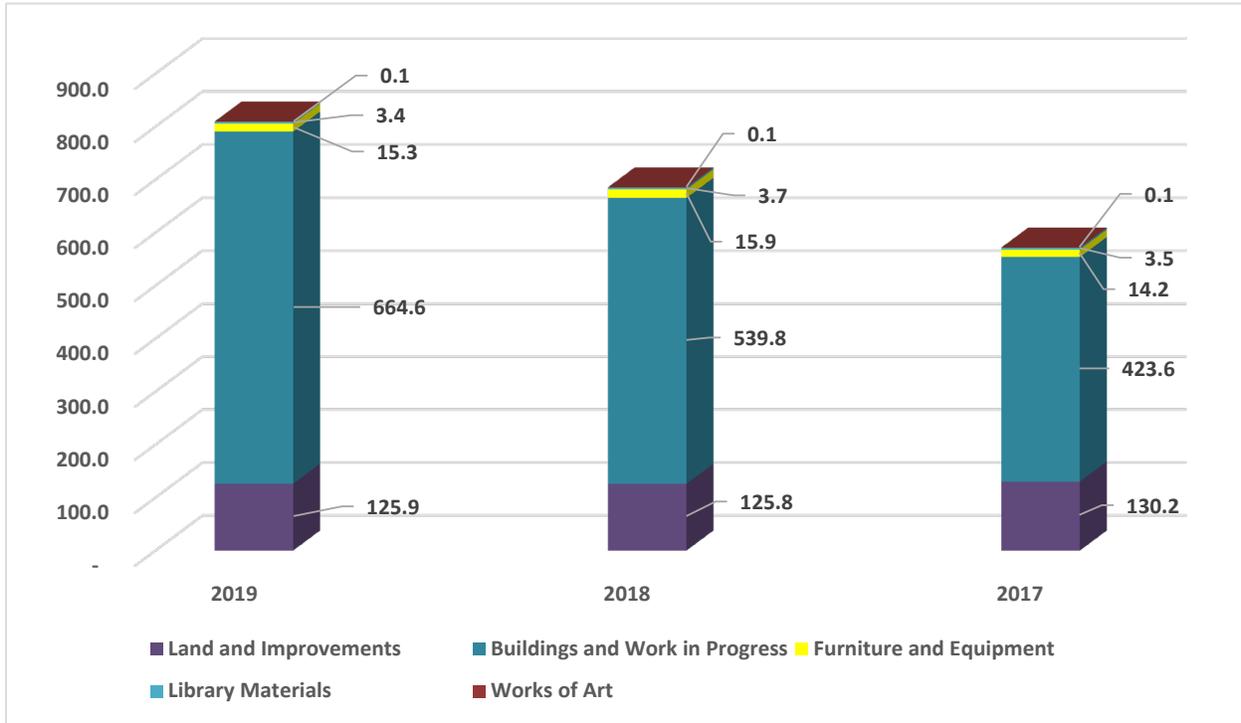
	August 31			Change	
	2019	2018	2017	2018 to 2019	2017 to 2018
Capital Assets, Net:					
Land and Improvements	125.9	125.8	130.2	0.1	(4.4)
Buildings and Work in Progress	664.6	539.8	423.6	124.8	116.2
Furniture and Equipment	15.3	15.9	14.2	(0.6)	1.7
Library Materials	3.4	3.7	3.5	(0.3)	0.2
Works of Art	0.1	0.1	0.1	0.0	-
Total Capital Assets, Net	\$ 809.3	\$ 685.3	\$ 571.6	\$ 124.0	\$ 113.7

Changes in net capital assets are the result of acquisitions, improvements, disposals, and changes in accumulated depreciation. In 2019 and 2018, the College continued construction on several major projects and completed others as part of the voter-approved 2014 bond referendum. As such, for 2019 there was an ending balance in Construction in Progress of \$228.5 million which represents an increase of \$101.2 million.

In accordance with GASB Statements No. 34 and 35, the College does not record the cost of its capital assets as an expense at the time of acquisition/completion of the asset but instead shows the expense systematically over the expected life of the asset as depreciation expense. The amount shown in the accounting records for the value of the asset decreases each year until the asset is fully depreciated or removed from service. As a result, the amount of net investment in capital assets shown in the Statement of Net Position may decrease from one year to another, even though new assets have been acquired. Capital assets subject to depreciation include improvements to land (such as parking lots and signage), buildings, equipment, and library books. Land is not depreciated because it is assumed to have an unlimited useful life.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)



More detailed information about the College's capital assets is presented in Note 7 of the Basic Financial Statements.

Debt Administration

On August 31, 2019, the College had approximately \$891.4 million in outstanding debt, compared to \$922.6 million in 2018, and \$680.4 million in 2017. The decrease of \$31.2 million in 2019 is due to scheduled debt payments applied to the principal. The debt increase in 2018 was due to the new bond issuances, partially offset by payments applied towards the principal.

Outstanding Debt at Year-End
(In Millions)

	August 31			Change	
	2019	2018	2017	2018 to 2019	2017 to 2018
Outstanding Debt:					
Revenue Bonds	\$ 207.4	\$ 181.1	\$ 172.8	\$ 26.3	\$ 8.3
General Obligation Bonds	431.5	449.4	323.7	(17.9)	125.7
Lease Revenue Bonds - PFC	251.6	290.7	182.1	(39.1)	108.6
Capital Leases	0.6	0.9	1.2	(0.3)	(0.3)
Notes Payable	0.3	0.5	0.6	(0.2)	(0.1)
Total Outstanding Debt	\$ 891.4	\$ 922.6	\$ 680.4	\$ (31.2)	\$ 242.2

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

On August 15, 2019, the College issued \$27,830,000 in Combined Fee Revenue Bonds, Series 2019. The Series 2019 bonds were issued to provide funding for the acquisition of the District's Elgin Campus which was originally financed by the College's Public Facility Corporation under a contract entered into by the District under Subchapter A, Chapter 271, Texas Local Government, and to pay the costs associated with the issuance of the Bonds.

On February 6, 2018, the College issued \$35,700,000 in Lease Revenue Bonds, Series 2018A and \$15,000,000 in Lease Revenue Bonds Taxable, Series 2018B. The Series 2018A and 2018B bonds were issued to finance the cost of construction and equipment of the Highland Campus - Building 3000 Project.

On June 1, 2018, the College issued \$14,020,000 in Combined Fee Revenue Building Bonds, Series 2018. The Series 2018 provides funds for the construction of a building to house a chilled water facility at the District's Highland Campus and to pay the costs of issuance for the Bonds

On June 1, 2018, the College issued \$55,685,000 in Lease Revenue Bonds, Series 2018C. The Series 2018C bonds were issued to finance the cost of construction and equipment of the Highland Campus - Parking Garage Project.

On August 1, 2018, the College issued \$127,300,000 in Limited Tax Bonds, Series 2018. The Series 2018 bonds were the third, and final tranche of the 2014 bond referendum and shall be used for the construction, renovation, and equipment of College buildings district-wide.

The College did not issue any long-term debt in 2017, except for a small lease-purchase agreement of \$2.4 million used to acquire telecommunication equipment.

For 2019, the College's bond ratings, assigned by Moody's Investors Service and Standard and Poor's Rating Services, are "Aa3" and "AA-" for combined fee revenue bonds, respectively. The Aa3 rating from Moody's represents an upgrade from A1. This upgrade was issued on July 30, 2019.

More detailed information about the College's long-term liabilities is presented in Notes 8, 9, and 10 of the Basic Financial Statements.

Economic Factors That Will Affect the Future

The economic position of the College is influenced in part by the economic position of the State of Texas and the Austin-Round Rock Metropolitan Statistical Area. State appropriations for the fiscal year 2020 are expected to be approximately \$65 million, in accordance with the funding awarded for the State's 2020-2021 biennium. This is unchanged from the appropriation received in 2019.

Ad valorem tax revenues in 2020 are projected to increase by \$18.1 million or 7.9% to \$246.4 million from \$228.3 million in 2019, and \$199.4 million in 2018. The expected increase in 2020 is a reflection of the strong local economy and due to valuations and new property growth in the local tax base.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

Tuition and fee revenue for 2020 is projected to be approximately \$65 million, which is unchanged compared to 2019. The College did not increase tuition rates for 2020 and is not expecting any significant changes in total enrollment and therefore is projecting flat tuition and fee revenues year over year.

These projected increases in revenue, specifically ad valorem tax revenues shall be necessary to fund new or increased expenses in instructional, and support functions as the College continues to achieve its Student Success Goals. The College's 2020 budget is balanced and structurally sound.

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BASIC FINANCIAL STATEMENTS

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AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATEMENTS OF NET POSITION
August 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 72,198,613	\$ 77,927,995
Restricted Cash & Cash Equivalents	36,899,417	27,040,079
Restricted Investments	-	11,174,377
Investments	42,969,535	32,636,551
Accounts Receivable (Net)	25,435,990	20,085,451
Other Assets	6,567,425	6,460,417
Prepaid Expenses and Deposits	3,860,581	4,777,507
Total Current Assets	<u>187,931,561</u>	<u>180,102,377</u>
Noncurrent Assets:		
Restricted Investments	195,889,242	299,573,833
Capital Assets (Net)	809,366,363	685,305,742
Total Noncurrent Assets	<u>1,005,255,605</u>	<u>984,879,575</u>
Total Assets	<u>1,193,187,166</u>	<u>1,164,981,952</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflow on OPEB Liability	103,973,748	2,091,712
Deferred Charge on Refunding Debt	1,554,652	804,086
Deferred Outflow on TRS Pension Liability	43,010,828	11,153,332
Total Deferred Outflows	<u>148,539,228</u>	<u>14,049,130</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	30,853,096	19,668,896
Accrued Liabilities	18,686,598	11,039,731
Accrued Compensable Absences - Current Portion	4,111,990	1,075,299
Funds Held for Others	337,042	233,817
Unearned Revenues	44,801,755	47,893,974
Capital Leases - Current Portion	311,498	311,498
Notes Payable - Current Portion	144,215	144,215
Bonds Payable - Current Portion	32,206,637	25,526,574
Total Current Liabilities	<u>131,452,831</u>	<u>105,894,004</u>

The accompanying notes are an integral part of the financial statements.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATEMENTS OF NET POSITION (Continued)
August 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Noncurrent Liabilities:		
Accrued Compensable Absences	3,131,155	5,677,472
OPEB Payable Liability	151,326,813	70,373,017
Notes Payable	184,512	328,728
Net TRS Pension Liability	88,162,712	48,067,844
Capital Leases	301,101	612,599
Bonds Payable	<u>858,299,202</u>	<u>895,707,137</u>
Total Noncurrent Liabilities	<u>1,101,405,495</u>	<u>1,020,766,797</u>
Total Liabilities	<u>1,232,858,326</u>	<u>1,126,660,801</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred Inflow on OPEB Liability	56,416,239	14,374,932
Deferred Inflow on TRS Pension Liability	<u>6,765,585</u>	<u>9,952,639</u>
Total Deferred Inflows	<u>63,181,824</u>	<u>24,327,571</u>
 NET POSITION		
Net Investment in Capital Assets	119,776,150	78,975,560
Restricted for:		
Expendable		
Scholarships	908,968	1,012,627
Departmental Activities	530,644	317,142
Debt Service	18,076,996	14,476,990
Unrestricted	<u>(93,606,514)</u>	<u>(66,739,609)</u>
Total Net Position	<u>\$ 45,686,244</u>	<u>\$ 28,042,710</u>

The accompanying notes are an integral part of the financial statements.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATEMENTS OF FINANCIAL POSITION OF ACC FOUNDATION
(A Component Unit of Austin Community College District)
May 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 1,499,831	\$ 1,079,602
Accrued interest/Dividends receivable	16,119	16,728
Other receivable	15,005	-
Promises to give	488,496	539,403
Investments	9,414,597	9,441,298
Total Assets	11,434,048	11,077,031
LIABILITIES AND NET ASSETS		
Liabilities	-	-
Net Assets		
Net assets without donor restrictions	1,537,511	1,530,729
Net assets with donor restrictions	9,896,537	9,546,302
Total Net Assets	11,434,048	11,077,031
Total Liabilities and Net Assets	\$ 11,434,048	\$ 11,077,031

The accompanying notes are an integral part of the financial statements.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended August 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Tuition and Fees (Net of Discounts of \$39,294,839 and \$41,390,590, Respectively)	\$ 66,946,013	\$ 64,225,197
Federal Grants and Contracts	7,010,808	6,425,060
State Grants and Contracts	6,836,732	4,007,084
Local Grants and Contracts	179,155	167,916
Non-Governmental Grants and Contracts	3,895,749	3,695,431
Sales and Services of Educational Activities	2,313,172	2,362,437
Auxiliary Enterprises	3,488,627	1,903,053
General Operating Revenues	5,712,565	3,910,173
Total Operating Revenues	<u>96,382,821</u>	<u>86,696,351</u>
OPERATING EXPENSES		
Instruction	149,405,821	133,711,741
Public Service	9,334,620	4,641,403
Academic Support	42,371,630	36,780,010
Student Services	40,243,590	33,320,713
Institutional Support	67,409,300	55,014,692
Operation and Maintenance of Plant	40,473,846	34,955,914
Scholarships and Fellowships	21,649,617	20,900,752
Auxiliary Enterprises	2,646,693	1,915,475
Depreciation	15,114,249	10,653,094
Total Operating Expenses	<u>388,649,365</u>	<u>331,893,793</u>
Operating Loss	(292,266,545)	(245,197,442)
NON-OPERATING REVENUES (EXPENSES)		
State Appropriations	65,855,626	62,826,131
Ad Valorem Taxes	228,352,037	199,439,467
Federal Revenue, Non Operating	33,627,805	33,320,865
Gifts	5,000	120,585
Investment Income	10,744,746	4,651,724
Interest on Capital Related Debt	(32,546,481)	(27,549,451)
Gains (Losses) on Disposal of Capital Assets	3,871,345	(1,258,269)
Net Non-Operating Revenues	<u>309,910,079</u>	<u>271,551,052</u>
Increase in Net Position	17,643,534	26,353,611
NET POSITION		
Net Position, Beginning of Year as Previously Stated	28,042,710	78,881,810
Cumulative Effect of Change in Accounting Principle	-	(77,192,711)
Net Position, Beginning of Year, as restated	<u>28,042,710</u>	<u>1,689,099</u>
Net Position, End of Year	<u>\$ 45,686,244</u>	<u>\$ 28,042,710</u>

The accompanying notes are an integral part of the financial statements.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATEMENTS OF ACTIVITIES OF ACC FOUNDATION
(A Component Unit of Austin Community College District)
For the Years Ended May 31, 2019 and 2018

Changes in net assets without donor restrictions:	<u>2019</u>	<u>2018</u>
Revenues		
Contribution	\$ 348,151	\$ 1,050,761
Return on Investments	23,654	110,571
Total revenues without donor restrictions	<u>371,805</u>	<u>1,161,332</u>
Net assets released from restrictions	931,037	1,023,299
Total revenues without donor restrictions	<u>1,302,842</u>	<u>2,184,631</u>
Expenses		
Program Services	1,037,278	1,103,325
General and Administrative	202,056	196,018
Fundraising	56,726	56,120
Total Expenses	<u>1,296,060</u>	<u>1,355,463</u>
Increase in net assets without donor restrictions	<u>6,782</u>	<u>829,168</u>
Changes in net assets with donor restrictions:	<u>2019</u>	<u>2018</u>
Revenues		
Contribution	1,188,629	1,387,482
Return on Investments	92,643	449,756
Total revenues with donor restrictions	<u>1,281,272</u>	<u>1,837,238</u>
Net assets released from restrictions	(931,037)	(1,023,299)
Total revenues and other support with donor restrictions	<u>350,235</u>	<u>813,939</u>
Increase in net assets with donor restrictions	<u>350,235</u>	<u>813,939</u>
Increase in total net assets	<u>357,017</u>	<u>1,643,107</u>
Net assets at beginning of year	11,077,031	9,433,924
Net assets at end of year	<u>\$ 11,434,048</u>	<u>\$ 11,077,031</u>

The accompanying notes are an integral part of the financial statements.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Students and Other Customers	\$ 67,078,570	\$ 67,633,866
Receipts from Grants and Contracts	15,264,175	13,267,826
Other Receipts	8,171,986	7,427,899
Payments to or On-Behalf of Employees	(231,780,507)	(226,576,737)
Payments to Suppliers for Goods and Services	(59,378,696)	(54,035,066)
Payments for Scholarships and Fellowships	(21,756,624)	(21,561,759)
Net Cash Used by Operating Activities	<u>(222,401,096)</u>	<u>(213,843,971)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipts from Ad Valorem Taxes	227,871,561	199,226,614
Receipts from State Appropriations	45,258,652	49,752,711
Receipts from Title IV Federal Financial Aid Programs	34,499,848	32,770,031
Receipts from Student Organizations and Other Agencies	103,225	176,861
Payments to Student Organizations and Other Agencies	-	(293,691)
Net Cash Provided by Non-Capital Financing Activities	<u>307,733,286</u>	<u>281,632,526</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from Issuance of Capital Debt	-	264,177,189
Proceeds from the Sale of Capital Assets	5,204,089	5,832,833
Purchases of Capital Assets	(136,737,393)	(130,107,815)
Payments on Capital Debt and Leases - Principal	(25,982,287)	(17,474,774)
Payments on Capital Debt and Leases - Interest	(38,957,373)	(31,117,620)
Net Cash Provided by (Used by) Cap. and Related Fin. Activities	<u>(196,472,964)</u>	<u>91,309,814</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sales and Maturities of Investments	256,783,867	89,542,641
Interest on Investments	9,309,035	4,247,859
Purchase of Investments	(150,822,172)	(270,097,201)
Net Cash Provided by (Used by) Investing Activities	<u>115,270,730</u>	<u>(176,306,701)</u>
Increase (Decrease) in Cash and Cash Equivalents	4,129,956	(17,208,332)
Cash and Cash Equivalents, Beginning of Year	<u>104,968,074</u>	<u>122,176,407</u>
Cash and Cash Equivalents, End of Year	<u>\$ 109,098,030</u>	<u>\$ 104,968,074</u>

The accompanying notes are an integral part of the financial statements.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATEMENTS OF CASH FLOWS (Continued)
For the Years Ended August 31, 2019 and 2018

RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	2019	2018
Operating Loss	\$ (292,266,545)	\$ (245,197,442)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities		
State On-Behalf Payments	17,381,350	16,427,451
Depreciation Expense	15,114,249	10,653,094
Changes in Assets and Liabilities:		
Receivables (Net)	(4,870,178)	1,876,574
Other Assets (PrePaid Expenses)	961,013	(2,183,878)
Deferred Charges (Other Assets)	(107,007)	(661,007)
Deferred Outflows	(133,739,531)	3,630,169
Accounts Payable	11,276,042	4,511,983
Accrued Liabilities	4,204,744	(1,155,228)
Compensated Absences	490,374	237,207
OPEB Payable	80,953,796	(11,686,840)
TRS Pension Liability	40,094,868	(4,263,685)
Unearned Revenues	(748,523)	(67,906)
Deferred Inflows	38,854,252	14,035,537
Net Cash Used in Operating Activities	\$ (222,401,096)	\$ (213,843,971)
SCHEDULE OF NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:	2019	2018
Non-Cash Gifts	\$ 5,000	\$ 120,585
Change in Fair Value of Investments	\$ 32,988	\$ (121,709)
Capital Assets Purchases Included in Accounts Payable	\$ 3,959,560	\$ (3,652,163)
Gain/(Loss) on Bond Refunding	\$ (1,554,250)	\$ -
Bond Proceeds Deposited Into an Escrow Account for the Purposes of Refunding Lease Revenue Bonds	\$ 34,088,440	\$ -

The accompanying notes are an integral part of the financial statements.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATEMENTS OF CASH FLOWS OF ACC FOUNDATION
(A Component Unit of Austin Community College District)
For the Years Ended May 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 357,017	\$ 1,643,107
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Realized and unrealized (gains) losses	460,937	(138,332)
Decrease in accrued interest and dividends receivable	609	2,694
Increase in other receivable	(15,005)	-
Decrease in promises to give	50,907	40,710
Contributions restricted for endowments	(452,607)	(630,822)
Net cash provided by operating activities	401,858	917,357
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	1,545,928	471,290
Purchases of investments	(1,980,164)	(2,198,972)
Net cash used by investing activities	(434,236)	(1,727,682)
Cash flows from financing activities:		
Investment in endowments	452,607	630,822
Net cash provided by financing activities	452,607	630,822
 Net increase (decrease) in cash and cash equivalents	 420,229	 (179,503)
Cash and cash equivalents, beginning of the year	1,079,602	1,259,105
Cash and cash equivalents, end of year	\$ 1,499,831	\$ 1,079,602
 Amounts paid during the year for:		
Income taxes	\$ -	\$ -
Interest	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 1. REPORTING ENTITY

The Austin Community College District (“the College”) was established in December 1972, in accordance with the laws of the State of Texas, to serve the educational needs of Austin and the surrounding communities, and began operation in September 1973. The College is considered a special purpose, primary government, according to the definition found in the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. While the College receives funding from local, state, and federal sources and must comply with the spending, reporting, and record-keeping requirements of these entities, it is not a component unit of any other governmental entity.

The College is a comprehensive, public, two-year institution offering academic, general, occupational, developmental, and continuing adult education programs through a network of campuses. The College is governed by a nine-member Board of Trustees (“the Board”), which has governance responsibilities overall activities related to the College.

Blended Component Unit

Using the criteria established by GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, the College’s management has determined that the Austin Community College District Public Facility Corporation (“the PFC”) should be blended with the activities of the College. Its sole purpose is to assist the College in financing or otherwise facilitating in the acquisition of public facilities and because the College’s management has operational responsibility for the PFC.

The PFC was incorporated on December 21, 2007, as a non-profit corporation formed under the Texas Public Facility Corporation Act. The PFC was formed for the purpose of assisting the College in the financing, refinancing, providing, or otherwise assisting in the acquisition of public facilities. The PFC is governed by a nine-member Board of Directors that is the same nine-member Board of Trustees of the College. The PFC does not have the authority to levy taxes. Although the PFC is legally separate from the College, the PFC is reported as if it were part of the College because its sole purpose is to assist the College in the acquisition of public facilities. Therefore, the PFC is reported as a blended component unit in the Basic Financial Statements of the College. Financial information for the PFC may be obtained from the College’s business office.

Discrete Component Unit

Using the criteria established by GASB Statement No. 14, as amended, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, the College’s management has determined that the Austin Community College Foundation (“the Foundation”) should be reported as a discrete component unit of the College because of the nature and significance of its financial relationship with the College.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 1. REPORTING ENTITY (CONTINUED)

The Foundation is a Texas nonprofit corporation chartered in 1991 to provide supplemental financial resources to advance the institutional goals and expand the educational services of the College. The College is not the sole corporate member of the Foundation. The Foundation intends to support educational initiatives that enhance the quality of facilities and instruction, increase and diversify educational services, and improve access to educational opportunities for students, faculty, staff, and residents of the geographic areas served by the College. The Foundation is governed by up to thirty board members with each member serving a three-year term. It is accounted for separately in the Basic Financial Statements of the College and has a May 31, 2019 fiscal year-end. The Foundation's Notes to Financial Statements are disclosed in Note 24. The Austin Community College Foundation's financial statements are prepared using the Financial Accounting Standards Board (FASB) financial reporting framework, and copies, are available at the Business office of the College.

Other Organizations

The College has a financial relationship with the Austin Community College Center for Public Policy and Political Studies ("the Center"). The Center is a not-for-profit organization created to enable students to gain practical experience in learning how government policies are created and enacted and to improve communications between public entities and the people they serve. Using the criteria established by GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, the College's management has determined that the Center shall not be reported as a component unit because the relationship with the College is not financially significant, and its exclusion does not cause the College's financial statements to be misleading.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

The significant accounting policies followed by the College in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the College complies with *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*.

The College applies all applicable GASB pronouncements. The College is reported as a special-purpose government engaged in business-type activities (BTA).

Basis of Accounting

The financial statements of the College have been prepared using the flow of economic resources measurement focus and the accrual basis of accounting, whereby all revenues are recorded when earned, and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Tuition and fees are recognized as revenue when the educational services are delivered. Grants, contracts and state aid are recognized as revenue when all eligibility requirements imposed by the

provider are met. Sales and services of educational activities, activity charges and merchandise sales are recognized as revenue as the related goods and services are rendered. Ad valorem property taxes are recognized as revenue in the year the tax is levied and budgeted.

Tuition Discounting

Texas Public Education Grants (TPEG):

Some tuition amounts are required to be set aside for use as scholarships by qualifying students. This set-aside is, called the Texas Public Education Grant (TPEG), and is recorded with tuition and fee revenue amounts as a separate set-aside amount (Texas Education Code § 56.033). When the award is redeemed by the student for tuition and fees, it is categorized as a tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

Title IV, Higher Education Act (HEA) Program Funds:

Certain Title IV HEA Program Funds are received by the College to pass through to the student; these funds are initially received by the College and recorded as revenue. When the award is used by the student for tuition and fees, the amount is recorded as a tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

Tuition Remissions and Exemptions:

Various State or College programs provide full or partial tuition and fee exemptions to students who qualify; these remissions and exemptions are recorded as a tuition discount.

Budgetary Data

Each community college in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The College's Board adopts the budget, which is prepared using the accrual basis of accounting. A copy of the approved budget and subsequent amendments is filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

Cash and Cash Equivalents

The College's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments (including investment pools and mutual funds) with original maturities of three months or less from the date of acquisition. Cash and cash equivalents that are externally restricted as to their use are classified as noncurrent assets in the Statement of Net Position unless they are considered to offset maturing debt and payables that have been set up as a current liability. In which case, they are recorded as current assets in the Statement of Net Position.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Board policy requires the College to maintain a minimum unrestricted, unallocated cash and investments level of 16.7% of budgeted total annual expenses plus total accounts payable. The College complied with this policy as of August 31, 2019 and 2018.

Investments

The College reports investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*. The College reports investment in debt securities at fair value using other observable significant inputs including but not limited to the third party provided fixed-income pricing models. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Non-participating certificates of deposit are reported at cost plus accrued interest. The College reports its investment in local government investment pools and SEC-registered money market mutual funds at published net asset values per share which are based on amortized cost.

Capital Assets

Capital assets are recorded based on cost on the date of acquisition. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Equipment with an estimated useful life less than one year is not capitalized. Land, construction in progress and works of art are capitalized but not depreciated. Renovations to buildings and infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

The following represents the capitalization threshold and useful lives for the capital asset types:

<u>Capital Asset Type</u>	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and Building Improvements	\$ 100,000	50 Years
Infrastructure	100,000	30 Years
Other Real Estate Improvements	100,000	20 Years
Library Books	N/A	15 Years
Furniture, Machinery, Vehicles and Other Equipment	5,000	10 Years
Leasehold Improvements	100,000	Lease Tenure

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources

In addition to liabilities, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as outflows of resources (expense) until that time. Governments are only permitted to report deferred outflows in the circumstances specifically authorized by the GASB. Typically, deferred outflows for community colleges are related to pensions, other postemployment benefits and deferred charges on refunding debt.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Governments are only permitted to report deferred inflows in the circumstances specifically authorized by the GASB. Typically, deferred inflows for community colleges are related to pensions and other postemployment benefits.

Net Position

The College's net position is classified as follows:

Net Investment in Capital Assets: This category represents the College's total investment in capital assets, net of related outstanding debt, capital lease liability and the accumulated depreciation. Net investment in capital assets excludes unspent bond proceeds.

Restricted Net Position, Nonexpendable: Net Position, such as endowments and similar type funds, which are subject to externally imposed stipulations requiring that the funds be maintained permanently by the College. The College has no restricted net position nonexpendable for the fiscal years 2019 and 2018.

Restricted Net Position, Expendable: Net Position for which the College is legally or contractually obligated to spend in accordance with external restrictions.

Unrestricted Net Position: Unrestricted Net Position is comprised of resources that are not subject to any external restrictions and may be used at the discretion of the governing board for any lawful purpose of the College.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenues

Tuition, fees, and other revenues received and related to periods after August 31, 2019 or 2018 shall be recognized in subsequent fiscal years when services have been provided, or all eligibility requirements have been met.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect some reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Operating and Non-Operating Revenue and Expense Policy

The College distinguishes operating revenues and expenses from non-operating items. The College reports as a BTA and as a single, proprietary fund. Operating revenues and expenses primarily result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are State appropriations, property tax revenues, and Title IV Federal grants and contracts. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The major non-operating expenses include interest on the capital-related debt.

In response to guidance provided by GASB, revenue received for Federal Title IV grant programs (e.g., Pell grants) is characterized as non-operating revenue as opposed to operating revenue.

Pensions

The College implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined based on the flow of economic resources measurement focus and full accrual basis of accounting. This includes measuring the net pension liability: deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits

The College implemented GASB Statement No. 75, *Accounting Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. The fiduciary net position of the Employees Retirement System of Texas (ERS) and the College's Retiree Dental Care Plan has been determined based on the flow of economic resources measurement focus and full accrual basis of accounting. This includes measuring the net pension liability: deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from ERS' fiduciary net position. Benefit payments (including refunds of

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

employee contributions) are recognized when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

Restatement of Beginning Net Position

For the fiscal year ending August 31, 2018, the College adopted GASB Statement No. 75, *Accounting and Reporting for Postemployment Benefits other than Pensions (OPEB)*. This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and issues new standards for defined benefit OPEB and defined contribution OPEB provided to employees of state and local governments through OPEB plans. GASB 75 adoption required an adjustment to the net position at the beginning of the year. The net OPEB liability is reported on the face of the financial statements in the statement of net position rather than in the accompanying notes. GASB 75 is similar to the adoption of GASB 68 and will have its own set of deferred inflows and outflows. Note 24 explains the effect of GASB Statement No. 75 implementation on the financial statements.

New GASB Pronouncements

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this Statement is to address accounting and financial reporting for certain asset retirement obligations. An asset retirement obligation is defined as a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Implementation is reflected in the financial statements and notes to the financial statements and is not material to the financial statements.

In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The requirements of this Statement are effective for the reporting periods beginning after June 15, 2018. Earlier application is encouraged. Implementation is reflected in the financial statements and notes to the financial statements and is not material to the financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of*

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. Implementation is reflected in the financial statements and notes to the financial statements as ACC opted for early adoption as of September 1, 2018.

Upcoming GASB Pronouncements

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities, and the focus of the criteria generally is on (1) whether the government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The College has not yet determined the impact this statement will have on the financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The College has not yet determined the impact this statement will have on the financial statements.

NOTE 3. AUTHORIZED INVESTMENTS

The College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (PFIA) (Sec. 2256.001 Texas Government Code). The Board has adopted a written investment policy regarding the investment of its funds as defined in the PFIA. Such investments include (1) obligations of the United States or its agencies; (2) direct obligations of the State of Texas or its agencies; (3) obligations of political subdivisions rated not less than "A" by a national investment rating firm; (4) certificates of deposit; and, (5) other instruments and obligations authorized by statute. During the years ended August 31, 2019 and 2018, the College complied with the Public Funds Investment Act.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 4. DEPOSITS AND INVESTMENTS

At August 31, 2019 and 2018, the College had demand deposits with the carrying amount of \$15,881,643 and \$10,821,561, respectively, and total bank balances of \$14,631,755 and \$11,368,084, respectively.

Bank balances up to \$250,000 were covered under the Federal Deposit Insurance Corporation (FDIC) for the years ended August 31, 2019 and 2018. Demand deposits not covered under the FDIC require pledged collateral with a fair value of at least 102% of the par value of the deposit, as required by state statutes.

Monthly collateral reports reporting the pledged securities and their fair values are required from each financial institution. As of August 31, 2019 and 2018, the College had demand deposits not covered under the FDIC in the amount of \$14,381,755 and \$10,868,084, respectively, which were covered by pledged collateral.

The College's investments in non-participating certificates of deposits require pledged collateral with a fair value of at least 102% of the par value of the deposit. In addition, monthly collateral reports, including the pledged securities and their fair values, are required from each financial institution. As of August 31, 2019 and 2018, the College had certificates of deposits in the amount of \$147,659,971 and \$247,062,491 respectively that were covered by pledged collateral.

Deposits

The College had the following deposits as of August 31, 2019 and 2018:

Deposits	2019	2018
Petty Cash on Hand	\$ 3,584	\$ 4,360
Demand Deposits	15,881,643	10,821,561
Money Market	29,987,879	40,212,611
Investment Pools	63,224,923	32,485,601
Certificates of Deposit	147,659,971	247,062,491
Total Deposits	\$ 256,758,000	\$ 330,586,624

Investments

As of August 31, 2019, the College had the following investments:

Investment Type	2019	Weighted Average Maturity (Years)	Concentration of Credit Exposure	Exposure Permitted by Investment Policy
Money Market Mutual Fund	\$ 65,189,697		71.48%	80%
US Treasury Notes	7,996,880	0.04	8.77%	25%
Federal Home Loan Bank	13,012,730	0.28	14.27%	80%
Fannie Mae	4,999,500	0.03	5.48%	80%
Total Investments	\$ 91,198,807		100.00%	

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

As of August 31, 2018, the College had the following investments:

Investment Type	2018	Weighted Average Maturity (Years)	Concentration of Credit Exposure	Exposure Permitted by Investment Policy
Money Market Mutual Fund	\$ 21,443,941		18.21%	80%
US Treasury Notes	24,729,450	2.93	21.00%	25%
Municipal Bonds	1,989,060	1.41	1.69%	25%
US Treasury Bonds	7,869,040	1.69	6.68%	25%
Federal Home Loan Bank	51,808,270	5.53	43.99%	80%
Federal Farm Credit bank	4,964,050	2.09	4.22%	80%
Fannie Mae	4,962,400	1.36	4.21%	80%
Total Investments	\$ 117,766,211		100.00%	

Interest Rate Risk – Interest rate risk is the risk that the changes in interest rates will adversely affect the fair value of the investment. In accordance with state law and the College’s policy, the College does not purchase any investments with maturities greater than five years. The College manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to a maximum of one and one-half years.

Custodial Credit Risk – Custodial Credit Risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the College will not be able to recover the value of its investment in collateral securities that are held by an outside third party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the College and are held by the counterparty, its trustor agent, but not in the College’s name. The College is not exposed to custodial credit risk because all securities held by the College’s custodial banks are on the College’s name.

Credit Risk and Concentration of Credit Risk – Credit risk is the risk that an issuer or another counterparty to an investment will not fulfill its obligations to the College. The concentration of credit risk is the risk of loss attributed to the magnitude of the District’s investment of a single issuer. In accordance with state law and the College’s investment policy, investments in investment pools must be rated at least “AAA” or “AAA-m” and investments in obligations from other states, municipalities, counties, etc. must be rated at least “A”. The College does not limit the amount it may invest in any one issuer.

US Government Sponsored Enterprise Securities and Treasury Notes	Investment Grade Rating	2019	2018
Money Market Mutual Fund	Moody's Aaa	\$ 65,189,697	\$ 21,443,941
Municipal Bonds		-	1,989,060
US Treasury Bonds	Moody's Aaa/AAA	-	7,869,040
US Treasury Notes		7,996,880	24,729,450
Federal Home Loan Bank	Moody's Aaa/AA+	13,012,730	51,808,270
Federal Farm Credit Bank	Moody's Aaa/AA+	-	4,964,050
Fannie Mae	Moody's Aaa/AA+	4,999,500	4,962,400
Total		\$ 91,198,807	\$ 117,766,211

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

The College invests in an external investment pool, TexPool. The State Comptroller of Public Accounts exercises oversight responsibility for TexPool, the Texas Local Government Investment Pool, pursuant to the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. TexPool invests in securities that meet the requirements of the Texas Public Funds Investment Act. Standard & Poor's rates TexPool AAA-m. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the Office of Comptroller of Public Accounts, for review.

As of August 31, 2019 and 2018, the College had an investment of \$63,224,923 and \$32,485,601, in TexPool. The weighted average maturity of TexPool was 38 days as of August 31, 2019. TexPool operates in conformity with the requirements of GASB Statement No. 79. Accordingly, the TexPool reports its investments using the amortized cost method. The College reports investments in TexPool as cash and cash equivalents.

Reconciliation of Deposits and Investments to Statement of Net Position:

<u>Type of Security</u>	<u>2019</u>	<u>2018</u>
Total Deposits	\$ 256,758,000	\$ 330,586,624
Total Investments	91,198,807	117,766,211
Total Deposits and Investments	<u>\$ 347,956,807</u>	<u>\$ 448,352,835</u>

<u>Per Statement of Net Position (Exhibit 1):</u>	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 72,198,613	\$ 77,927,995
Restricted Cash & Cash Equivalents (Current)	36,899,417	27,040,079
Investments	42,969,535	32,636,551
Restricted Investments (Current)	-	11,174,377
Restricted Investments (Noncurrent)	195,889,242	299,573,833
Total Deposits and Investments	<u>\$ 347,956,807</u>	<u>\$ 448,352,835</u>

NOTE 5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 5. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

- Level 3 inputs are valuations for which one or more significant inputs are unobservable and may include situations where there is minimal if any, market activities for the asset.

If the fair value is measured using inputs from different levels in the fair value hierarchy, the measurement should be categorized based on the lowest priority level input that is significant to the valuation. The College's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. Investments in mutual funds, measured at fair value using NAV per share as a practical expedient to fair value are not classified in the fair value hierarchy.

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value measurements were arrived at using the following inputs on August 31, 2019 and 2018:

2019

Description	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	2019
	Level 1	Level 2	Level 3	
First American Government Obligations Fund	\$ 65,189,696	\$ -	\$ -	\$ 65,189,697
Federal Home Loan Bank	-	13,012,730	-	13,012,730
Fannie Mae	-	4,999,500	-	4,999,500
US Treasury Notes	-	7,996,880	-	7,996,880
Total Investment by Level	\$ 65,189,696	\$ 26,009,110	\$ -	\$ 91,198,807

2018

Description	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	2018
	Level 1	Level 2	Level 3	
First American Government Obligations Fund	\$ 21,443,941	\$ -	\$ -	\$ 21,443,941
Federal Home Loan Bank	-	51,808,270	-	51,808,270
Federal Farm Credit Bank	-	4,964,050	-	4,964,050
Fannie Mae	-	4,962,400	-	4,962,400
US Treasury Notes	-	24,729,450	-	24,729,450
US Treasury Bonds	-	7,869,040	-	7,869,040
Municipal Bonds	-	1,989,060	-	1,989,060
Total Investment by Level	\$ 21,443,941	\$ 96,322,270	\$ -	\$ 117,766,211

The First American Government Obligations Funds is a rule 2a-7 qualified money market mutual fund that is carried at the net asset value of \$65,189,696 in 2019 and \$ 21,443,941 in 2018 as reported daily by the fund administrator.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 6. DERIVATIVES

Derivatives are investment products that may be a security or contract that derives its value from another security, currency, commodity, or index, regardless of the source of funds used. At August 31, 2019 and 2018, the College had not engaged in any derivative transactions either for investment purposes or as a risk management strategy.

NOTE 7. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2019, was as follows:

	Balance September 1, 2018	Additions	Reductions	Transfers	Balance August 31, 2019
Not Depreciated					
Land	\$ 99,625,660	\$ 3,363,806	\$ (1,102,761)	\$ -	\$ 101,886,705
Artwork	108,004	-	-	-	108,004
Construction in Progress	127,325,950	132,418,458	-	(31,273,163)	228,471,245
Subtotal	227,059,614	135,782,264	(1,102,761)	(31,273,163)	330,465,954
Other Capital Assets					
Buildings	486,682,016	1,150,284	(239,256)	31,273,163	518,866,207
Infrastructure	3,376,029	-	-	-	3,376,029
Land Improvements	47,073,698	-	-	-	47,073,698
Library Books	6,285,930	220,315	(458,549)	-	6,047,696
Equipment	46,926,438	3,378,253	(1,389,387)	-	48,915,304
Subtotal	590,344,111	4,748,852	(2,087,192)	31,273,163	624,278,934
Accumulated Depreciation					
Buildings	74,244,635	8,736,442	(239,256)	-	82,741,821
Infrastructure	2,145,736	112,534	-	-	2,258,270
Land Improvements	22,113,008	2,068,902	-	-	24,181,910
Library Books	2,587,745	363,571	(288,566)	-	2,662,750
Equipment	32,025,128	3,511,256	(1,305,885)	-	34,230,499
Subtotal	133,116,252	14,792,705	(1,833,707)	-	146,075,250
Net Other Capital Assets	457,227,859	(10,043,853)	(253,485)	31,273,163	478,203,684
Assets Under Capital Leases					
Equipment	5,977,698	-	-	-	5,977,698
Accumulated Depreciation					
Equipment	4,959,429	321,544	-	-	5,280,973
Net Lease Capital Assets	1,018,269	(321,544)	-	-	696,725
Net Capital Assets	<u>\$ 685,305,742</u>	<u>\$ 125,416,867</u>	<u>\$ (1,356,246)</u>	<u>\$ -</u>	<u>\$ 809,366,363</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 7. CAPITAL ASSETS (CONTINUED)

Capital assets activity for the year ended August 31, 2018, was as follows:

	Balance September 1, 2017	Additions	Reductions	Transfers	Balance August 31, 2018
Not Depreciated					
Land	\$ 102,263,331	\$ -	\$ (2,637,671)	\$ -	\$ 99,625,660
Artwork	95,004	13,000	-	-	108,004
Construction in Progress	117,436,228	125,369,815	(4,420,782)	(111,059,311)	127,325,950
Subtotal	219,794,563	125,382,815	(7,058,453)	(111,059,311)	227,059,614
Other Capital Assets					
Buildings	376,084,988	-	-	110,597,028	486,682,016
Infrastructure	2,913,746	-	-	462,283	3,376,029
Land Improvements	47,073,698	-	-	-	47,073,698
Library Books	6,006,097	577,831	(297,998)	-	6,285,930
Equipment	42,372,630	5,517,501	(963,693)	-	46,926,438
Subtotal	474,451,159	6,095,332	(1,261,691)	111,059,311	590,344,111
Accumulated Depreciation					
Buildings	69,928,159	4,316,476	-	-	74,244,635
Infrastructure	2,039,623	106,113	-	-	2,145,736
Land Improvements	19,991,588	2,121,420	-	-	22,113,008
Library Books	2,519,874	365,869	(297,998)	-	2,587,745
Equipment	29,597,971	3,331,082	(903,925)	-	32,025,128
Subtotal	124,077,215	10,240,960	(1,201,923)	111,059,311	133,116,252
Net Other Capital Assets	350,373,944	(4,145,628)	(59,768)	111,059,311	457,227,859
Assets Under Capital Leases					
Equipment	6,041,817	-	(64,119)	-	5,977,698
Accumulated Depreciation					
Equipment	4,611,178	412,370	(64,119)	-	4,959,429
Net Lease Capital Assets	1,430,639	(412,370)	-	-	1,018,269
Net Capital Assets	<u>\$ 571,599,146</u>	<u>\$ 120,824,817</u>	<u>\$ (7,118,221)</u>	<u>\$ -</u>	<u>\$ 685,305,742</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 8. LONG-TERM LIABILITIES

Long-term liability activity for the year ended August 31, 2019, was as follows:

		Balance September 1, 2018	Additions	Reductions	Balance August 31, 2019	Current Portion
Bonds						
2002	Fee Revenue Bonds	\$ 7,983,448	\$ 421,105	\$ (940,000)	\$ 7,464,553	\$ 356,637
2009A	Fee Revenue Bonds	429,383	245	(135,000)	294,628	145,000
2009B	Fee Revenue Bonds	1,083,472	-	(349,401)	734,071	360,000
2010	Fee Revenue Bonds	1,597,760	-	(381,194)	1,216,566	385,000
2012	Fee Revenue Bonds	74,972,033	-	(1,430,785)	73,541,248	1,070,000
2014A	Fee Revenue Bonds	7,704,361	-	(2,521,041)	5,183,320	2,460,000
2014B	Fee Revenue Bonds	19,255,000	-	(1,405,000)	17,850,000	1,460,000
2016A	Fee Revenue Bonds	30,979,955	-	(515,546)	30,464,409	-
2016B	Fee Revenue Bonds	21,870,000	-	-	21,870,000	-
2018	Fee Revenue Bonds	15,180,147	-	(471,975)	14,708,172	445,000
2019	Fee Revenue Bonds	-	34,088,440	-	34,088,440	585,000
	Total Fee Revenue Bonds	<u>181,055,560</u>	<u>34,509,790</u>	<u>(8,149,942)</u>	<u>207,415,405</u>	<u>7,266,637</u>
2011	G.O. Bonds	22,039,807	-	(3,873,202)	18,166,605	3,610,000
2013	G.O. Bonds	42,914,059	-	(252,569)	42,661,489	-
2015	G.O. Bonds	165,719,334	-	(3,859,563)	161,859,772	3,110,000
2016	G.O. Bonds	69,088,701	-	(3,273,879)	65,814,822	2,325,000
2016	G.O. Bonds -Tax Refund	12,777,536	-	(125,495)	12,652,041	-
2018	G.O. Bonds -Tax Refund	136,901,518	-	(6,595,546)	130,305,973	8,750,000
	Total G.O. Bonds	<u>449,440,955</u>	<u>-</u>	<u>(17,980,252)</u>	<u>431,460,703</u>	<u>17,795,000</u>
2010A	Lease Revenue Bonds (PFC)	32,445,000	-	(32,445,000)	-	-
2012	Lease Revenue Bonds (PFC)	45,291,123	-	(547,519)	44,743,604	555,000
2015	Lease Revenue Bonds (PFC)	98,270,320	-	(5,399,572)	92,870,748	4,395,000
2018A	Lease Revenue Bonds (PFC)	39,831,044	-	(303,120)	39,527,924	610,000
2018B	Lease Revenue Bonds (PFC)	15,000,000	-	-	15,000,000	315,000
2018C	Lease Revenue Bonds (PFC)	59,899,709	-	(412,255)	59,487,453	1,270,000
	Total Lease Revenue Bonds (PFC)	<u>290,737,196</u>	<u>-</u>	<u>(39,107,466)</u>	<u>251,629,731</u>	<u>7,145,000</u>
Total Bonds		<u>921,233,713</u>	<u>34,509,790</u>	<u>(65,237,660)</u>	<u>890,505,839</u>	<u>32,206,637</u>
Direct Borrowing						
	Capital Leases	924,097	-	(311,498)	612,599	311,498
	Notes Payable	472,943	-	(144,215)	328,727	144,215
Total Direct Borrowing		<u>1,397,040</u>	<u>-</u>	<u>(455,713)</u>	<u>941,326</u>	<u>455,713</u>
Total Long-Term Liabilities		<u>\$ 922,630,753</u>	<u>\$ 34,509,790</u>	<u>\$ (65,693,373)</u>	<u>\$ 891,447,165</u>	<u>\$ 32,662,350</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 8. LONG-TERM LIABILITIES (CONTINUED)

Long-term liability activity for the year ended August 31, 2018, was as follows:

	Balance September 1, 2017	Additions	Reductions	Balance August 31, 2018	Current Portion
Bonds					
2002 Fee Revenue Bonds	\$ 8,471,039	\$ 447,409 ¹	\$ (935,000)	\$ 7,983,448	\$ 381,574
2009A Fee Revenue Bonds	554,466	-	(125,083)	429,383	135,000
2009B Fee Revenue Bonds	1,423,743	-	(340,271)	1,083,472	350,000
2010 Fee Revenue Bonds	1,973,831	-	(376,071)	1,597,760	370,000
2012 Fee Revenue Bonds	76,221,753	-	(1,249,720)	74,972,033	1,205,000
2014A Fee Revenue Bonds	10,197,602	-	(2,493,241)	7,704,361	2,330,000
2014B Fee Revenue Bonds	20,610,000	-	(1,355,000)	19,255,000	1,405,000
2016A Fee Revenue Bonds	31,483,826	-	(503,871)	30,979,955	-
2016B Fee Revenue Bonds	21,870,000	-	-	21,870,000	-
2018 Fee Revenue Bonds	-	15,242,838	(62,691)	15,180,147	330,000
Total Fee Revenue Bonds	<u>172,806,261</u>	<u>15,690,247</u>	<u>(7,440,948)</u>	<u>181,055,560</u>	<u>6,506,574</u>
2006 G.O. Bonds	2,674,770	238,457 ¹	(2,913,227)	-	-
2011 G.O. Bonds	23,037,737	-	(997,930)	22,039,807	3,445,000
2013 G.O. Bonds	43,159,050	-	(244,992)	42,914,059	-
2015 G.O. Bonds	169,505,632	-	(3,786,298)	165,719,334	2,960,000
2016 G.O. Bonds	72,396,960	-	(3,308,259)	69,088,701	2,260,000
2016 G.O. Bonds -Tax Refund	12,907,870	-	(130,334)	12,777,536	-
2018 G.O. Bonds -Tax Refund	-	137,122,838	(221,320)	136,901,518	5,250,000
Total G.O. Bonds	<u>323,682,020</u>	<u>137,361,295</u>	<u>(11,602,360)</u>	<u>449,440,955</u>	<u>13,915,000</u>
2010A Lease Revenue Bonds (PFC)	32,835,000	-	(390,000)	32,445,000	495,000
2012 Lease Revenue Bonds (PFC)	45,712,279	-	(421,156)	45,291,123	425,000
2015 Lease Revenue Bonds (PFC)	103,581,169	-	(5,310,849)	98,270,320	4,185,000
2018A Lease Revenue Bonds (PFC)	-	39,998,629	(167,585)	39,831,044	-
2018B Lease Revenue Bonds (PFC)	-	15,000,000	-	15,000,000	-
2018C Lease Revenue Bonds (PFC)	-	59,994,602	(94,893)	59,899,709	-
Total Lease Revenue Bonds (PFC)	<u>182,128,448</u>	<u>114,993,231</u>	<u>(6,384,483)</u>	<u>290,737,196</u>	<u>5,105,000</u>
Total Bonds	<u>678,616,731</u>	<u>268,044,773</u>	<u>(25,427,791)</u>	<u>921,233,712</u>	<u>25,526,574</u>
Direct Borrowing					
Capital Leases	1,238,963	-	(314,866)	924,097	311,498
Notes Payable	604,106	-	(131,163)	472,943	144,215
Total Direct Borrowing	<u>1,843,069</u>	<u>-</u>	<u>(446,029)</u>	<u>1,397,040</u>	<u>455,713</u>
Total Long-Term Liabilities	<u>\$ 680,459,800</u>	<u>\$ 268,044,773</u>	<u>\$ (25,873,820)</u>	<u>\$ 922,630,751</u>	<u>\$ 25,982,287</u>

NOTE:

(1) Represents accretion of discount on zero coupon bonds.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 9. DEBT AND LEASE OBLIGATIONS

The debt service requirement on August 31, 2019 is summarized below:

For Year Ended August 31,	General Obligation Bonds		Combined Fee Revenue Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 17,795,000	\$ 17,818,549	\$ 7,266,637	\$ 7,884,928	\$ 7,145,000	\$ 10,777,819
2021	22,495,000	16,928,799	8,361,011	7,658,521	7,620,000	10,436,302
2022	11,880,000	15,804,049	6,883,772	9,625,741	8,120,000	10,069,329
2023	12,485,000	15,210,049	8,597,977	8,187,030	8,645,000	9,678,569
2024	12,945,000	14,585,799	10,505,000	6,208,439	9,215,000	9,252,816
2025 - 2029	74,600,000	63,307,674	58,635,000	23,927,224	57,190,000	38,774,345
2030 - 2034	88,665,000	44,624,356	56,270,000	11,896,861	72,720,000	23,687,389
2035 - 2039	63,920,000	27,296,000	33,810,000	1,706,937	42,870,000	9,813,276
2040 - 2044	67,040,000	14,774,000	-	-	22,155,000	1,965,406
2045 - 2049	32,595,000	2,725,200	-	-	-	-
SubTotal	\$ 404,420,000	\$ 233,074,475	\$ 190,329,397	\$ 77,095,681	\$ 235,680,000	\$ 124,455,250
Net premium	27,040,703		12,510,438		15,949,731	
Accreted Interest	-		4,575,570		-	
Total	\$ 431,460,703	\$ 233,074,475	\$ 207,415,405	\$ 77,095,681	\$ 251,629,731	\$ 124,455,250

General information related to general obligation, combined fee revenue bonds and lease revenue bonds payable are summarized below.

General Obligation Bonds

The General Obligation Bonds are direct obligations payable from ad valorem taxes levied, within the limitation prescribed by law, against all property located within the College's taxing district. Payment of the Bonds will be derived from taxes levied and collected on an annual basis in an amount sufficient to pay the principal and interest when due, full allowance being made for delinquencies and collection costs.

- Limited Tax Bonds, Series 2018.
 - To construct, renovate and equipment of College buildings district-wide, including Highland Mall renovation and construction for a regional workforce innovation center, regional health sciences and STEM simulator lab, professional incubator space, digital/creative media center, culinary hospitality center and other College purposes.
 - Issued August 01, 2018.
 - Total authorized \$127,300,000; all authorized bonds have been issued.
 - Source of revenue for debt service is ad valorem taxes.
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$122,050,000 and \$127,300,000, respectively.
 - Interest rates varying from 4.0% to 5.0%.

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 9. DEBT AND LEASE OBLIGATIONS (CONTINUED)

- Limited Tax Bonds, Series 2016.
 - To construct, renovate and equipment of College buildings district-wide, including Highland Mall renovation and construction of the Leander Campus.
 - Issued August 17, 2016.
 - Total authorized \$65,260,000; all authorized bonds have been issued.
 - Source of revenue for debt service is ad valorem taxes.
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$58,560,000 and \$60,820,000, respectively.
 - Interest rates varying from 3.0% to 5.0%.

- Limited Tax Refunding Tax Bonds, Series 2016.
 - To refund a portion of Series 2006 Bonds.
 - Issued August 17, 2016.
 - Total authorized \$11,230,000; all authorized bonds have been issued.
 - Source of revenue for debt service is ad valorem taxes.
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$11,230,000 for both years.
 - Interest rates varying from 3.5% to 5.0%.

- Limited Tax Bonds, Series 2015.
 - To construct, renovate and equip College buildings district-wide, including Highland Mall renovation, construction of the Leander Campus, acquisition of southeast real property, and the expansion of the Hays, Round Rock, and Elgin campuses.
 - Issued June 1, 2015.
 - Total authorized \$165,195,000; all authorized bonds have been issued.
 - Source of revenue for debt service is ad valorem taxes.
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$154,970,000 and \$157,930,000, respectively.
 - Interest rates varying from 3.0% to 5.0%.

- Limited Tax Bonds Refunding, Series 2013.
 - To refund a portion of Series 2003 and 2004 bonds.
 - Issued April 1, 2013.
 - Total authorized \$40,745,000; all authorized bonds have been issued.
 - Source of revenue for debt service is ad valorem taxes.
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$40,240,000 for both years.
 - Interest rates varying from 3.1% to 5.0%.

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 9. DEBT AND LEASE OBLIGATIONS (CONTINUED)

- Limited Tax Bonds Refunding, Series 2011.
 - To refund a portion of Series 2003 and 2004 bonds.
 - Issued December 1, 2011.
 - Total authorized \$28,200,000; all authorized bonds have been issued.
 - Source of revenue for debt service is ad valorem taxes.
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$17,370,000 and \$20,815,000, respectively.
 - Interest rates varying from 3.0% to 5.0%.

Combined Fee Revenue Bonds

Repayment of the Combined Fee Revenue Bonds indebtedness is collateralized by a first lien on a pledge of certain tuition and fees described below. The bond indentures for all outstanding Revenue Bonds require that the College deposit into an interest and sinking fund the following: 1) Tuition Fee pledged at the maximum amount permitted by Section 130.123 of the Texas Education Code, as amended. Section 130.123 currently limits the maximum pledge to an amount equal to 25% of all tuition collections; 2) the General Fee of \$15 per semester credit hour from all nonexempt students for each semester and summer term; and, 3) investment income derived from any and all funds. Such pledged tuition and fees amounted to \$29,785,193 and \$28,086,190 for the years ended August 31, 2019 and 2018, respectively. The pledged amount equates to 39.2% and 38.0% of the above revenue streams, respectively. The actual debt service payment for those years was \$13,398,364 and \$12,152,704 respectively.

Compared to the minimum required pledge-to-debt service coverage ratio of 1.25, the actual coverage ratio was 2.22 and 2.31, respectively. Revenue bonds payable are due in annual installments varying from \$145,000 to \$8,725,000, with interest rates ranging from 0.512% to 5.767% and the final installment due in 2038. The College has complied with all bond covenants for the years ended August 31, 2019 and 2018.

- Combined Fee Revenue Building Bonds, Series 2019.
 - To provide funds to acquire the District's Elgin Campus which was originally financed under a contract entered into by the District under Subchapter A, Chapter 271, Texas Local Government, and to pay the costs associated with the issuance of the bonds.
 - Issued August 15, 2019.
 - Total authorized \$27,830,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$27,830,000 and \$0, respectively.
 - Coupon interest rates are 5.0%.

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 9. DEBT AND LEASE OBLIGATIONS (CONTINUED)

- Combined Fee Revenue Building Bonds, Series 2018.
 - To provide funds for the construction of a building to house a chilled water facility at the District's Highland Campus and to pay the costs of issuance for the Bonds.
 - Issued June 1, 2018.
 - Total authorized \$14,020,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$13,690,000 and \$14,020,000, respectively.
 - Interest rates varying from 3.5% to 5.0%.

- Combined Fee Revenue Refunding Bonds, Series 2016A.
 - To refund a portion of the outstanding Series 2009A Bonds.
 - Issued May 4, 2016.
 - Total authorized \$26,640,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$26,640,000 for both years.
 - Interest rates varying from 4.0% to 5.0%.

- Combined Fee Revenue Refunding Bonds Taxable, Series 2016B.
 - To refund a portion of the outstanding Series 2011A Bonds.
 - Issued May 4, 2016.
 - Total authorized \$21,870,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$21,870,000 for both years.
 - Interest rates varying from 2.0% to 4.1%.

- Combined Fee Revenue Refunding Bonds, Series 2014A.
 - To refund all the outstanding Series 2005 Bonds.
 - Issued December 1, 2014.
 - Total authorized \$13,685,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$5,040,000 and \$7,370,000, respectively.
 - Interest rates are 5.0%.

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 9. DEBT AND LEASE OBLIGATIONS (CONTINUED)

- Combined Fee Revenue Refunding Bonds, Series 2014B.
 - To refund all the outstanding Series 2011 Bonds.
 - Issued December 1, 2014.
 - Total authorized \$23,085,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$17,850,000 and \$19,255,000, respectively.
 - Interest rates varying from 0.5% to 3.9%.

- Combined Fee Revenue Building Bonds, Series 2012.
 - To pay for the acquisition, construction, and improvement of property, buildings and facilities for the College.
 - Issued November 1, 2012.
 - Total authorized \$74,790,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$72,285,000 and \$73,490,000, respectively.
 - Interest rates varying from 3.0% to 4.0%.

- Combined Fee Revenue Refunding Bonds, Series 2010.
 - To refund all the callable outstanding Series 2002 Bonds.
 - Issued October 15, 2010.
 - Total authorized \$3,860,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$1,205,000 and \$1,575,000, respectively.
 - Interest rates varying from 2.0% to 4.0%.

- Combined Fee Revenue Building Bonds, Series 2009A.
 - To acquire real property and renovate and improve College facilities.
 - Issued November 1, 2009.
 - Total authorized \$31,510,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$295,000 and \$430,000, respectively.
 - Interest rates varying from 3.3% to 3.8%.

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 9. DEBT AND LEASE OBLIGATIONS (CONTINUED)

- Combined Fee Revenue Refunding Bonds, Series 2009B.
 - To refund the remaining 1998 and 2000 Series bonds.
 - Issued November 1, 2009.
 - Total authorized \$9,300,000; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$735,000 and \$1,085,000, respectively.
 - Interest rates varying from 2.0% to 3.8%.

- Combined Fee Revenue Refunding Bonds, Series 2002.
 - To purchase, acquire, renovate, construct and equip College facilities and to refund the remaining 1992 Series bonds.
 - Issued April 3, 2002.
 - Total authorized \$10,389,516; \$5,805,000 Current Interest Bonds and \$4,584,516 Capital Appreciation Bonds; all authorized bonds have been issued.
 - Source of revenue for debt service is tuition and general fees.
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$2,889,397 and \$3,270,971, respectively.
 - Interest rates varying from 3.0% to 4.0%.

Lease Revenue Bonds

The PFC pays Lease Revenue Bonds from the lease payments made by the College. The Lease payments are due at such times and in such amounts as will be required to timely pay the principal and interest on the Lease Revenue Bonds. The obligation of the College to make lease payments is a current expense, payable solely from funds annually appropriated by the College for such use. Remedies available upon a failure of the College to appropriate or pay lease payments are limited to termination of the College's leasehold interest, the right to take possession and control of the Project, and the right to sell or lease the Project upon foreclosure.

- Lease Revenue Bonds, Series 2018A.
 - To finance the cost of construction and equipment of the Highland Campus - Building 3000 Project.
 - Issued February 6, 2018.
 - Total authorized \$35,700,000; all authorized bonds have been issued.
 - Source of revenue for debt service is lease payments in amounts required by the lease-purchase agreement between the College and the PFC.
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$35,700,000 and \$35,700,000, respectively.
 - Interest rates varying from 3.0% to 5.0%.

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 9. DEBT AND LEASE OBLIGATIONS (CONTINUED)

- Lease Revenue Bonds Taxable, Series 2018B.
 - To finance the cost of construction and equipment of the Highland Campus – Building 3000 Project.
 - Issued February 6, 2018.
 - Total authorized \$15,000,000; all authorized bonds have been issued.
 - Source of revenue for debt service is lease payments in amounts required by the lease-purchase agreement between the College and the PFC.
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$15,000,000 and \$15,000,000, respectively.
 - Interest rates varying from 2.6% to 4.1%.

- Lease Revenue Bonds, Series 2018C.
 - To finance the cost of construction and equipment of the Highland Campus – Parking Garage Project.
 - Issued June 1, 2018.
 - Total authorized \$55,685,000; all authorized bonds have been issued.
 - Source of revenue for debt service is lease payments in amounts required by the lease-purchase agreement between the College and the PFC.
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$55,685,000 and \$55,685,000, respectively.
 - Interest rates varying from 4.0% to 5.0%.

- Lease Revenue Refunding Bonds, Series 2015.
 - To refund all the outstanding Series 2008 bonds.
 - Issued May 1, 2015.
 - Total authorized \$105,580,000; all authorized bonds have been issued.
 - Source of revenue for debt service is lease payments in amounts required by the lease-purchase agreement between the College and the PFC.
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$85,780,000 and \$89,965,000, respectively.
 - Interest rates varying from 1.0% to 5.0%.

- Lease Revenue Bonds, Series 2012.
 - To finance the cost of acquisition, construction and equipment of the Hays Campus.
 - Issued April 1, 2012.
 - Total authorized \$44,430,000; all authorized bonds have been issued.
 - Source of revenue for debt service is lease payments in amounts required by the lease-purchase agreement between the College and the PFC.
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$43,515,000 and \$43,940,000, respectively.
 - Interest rates varying from 2.0% to 5.0%.

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 9. DEBT AND LEASE OBLIGATIONS (CONTINUED)

- Lease Revenue Bonds, Taxable Series 2010A (Build America Bonds – Direct Payment).
 - To finance the cost of acquisition, construction and equipment of the Elgin Campus.
 - Issued December 1, 2010.
 - Total authorized \$33,470,000; all authorized bonds have been issued.
 - Source of revenue for debt service is lease payments in amounts required by the lease-purchase agreement between the College and the PFC.
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$0 and \$32,445,000 respectively.
 - Interest rates varying from 2.0% to 5.0%.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The College had no arbitrage liability for the years ended August 31, 2019 and 2018.

Notes Payable and Capital Leases

As of August 31, 2019 and 2018, the College made annual payments for notes, and capital leases of \$486,048 and \$486,048 respectively.

Obligations under capital leases at August 31, 2019, were as follows:

<u>For the year ended August 31,</u>	<u>Total</u>
2020	\$ 316,735
2021	316,735
Total Minimum Lease Payments	633,470
Less: Amount Representing Interest Costs	(20,871)
Present Value of Minimum Lease Payments	\$ 612,599

Obligations under notes payable at August 31, 2019, were as follows:

<u>For the year ended August 31,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 144,215	\$ 4,342
2021	184,512	5,555
Total	\$ 328,727	\$ 9,897

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 9. DEBT AND LEASE OBLIGATIONS (CONTINUED)

Interest Expense

The College early adopted GASB Statement Number 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective September 1, 2018, and therefore stopped capitalizing interest prospectively. For the year ended August 31, 2019, the College incurred \$32,546,481 in interest cost, of which \$32,546,481 was expensed, and \$0 was capitalized. For the year ended August 31, 2018, the College incurred \$33,232,087 in interest cost, of which \$27,549,451 was expensed, and \$5,682,636 was capitalized.

NOTE 10. REFUNDING AND DEFEASED BONDS OUTSTANDING

Bond Refundings:

During the year ended August 31, 2019, the College had the following bond refunding:

- Lease Revenue Bonds, Taxable Series 2010A (Build America Bonds – Direct Payment).
 - Refunded \$31,950,000; all authorized bonds have been issued.
 - Present value of net savings is \$4,132,315.
 - Issued August 15, 2019.
 - Refunded by Combined Fee Revenue Building Bonds, Series 2019.
 - The College placed the proceeds of the Refunded Bonds in an escrow fund.
 - The escrow account assets and the liability for the defeased bonds are not included in the College’s financial statements.
 - The average coupon rate of bonds refunded was 6.8269%.
 - The total cash flow to service the refunded bonds and cash flows required to service the refunding bonds as of the effective date of the refunding were \$47,340,717 and \$42,024,386.
 - The loss on the refunding was \$1,554,250.

There were no bond refundings during FY2018.

Defeased Bonds

As of August 31, 2019 and 2018, the College had the following legally defeased bonds outstanding:

Bond Issue	Year Refunded	2019 Par Value Outstanding	2018 Par Value Outstanding
Combined Fee Revenue Bonds, Series 2009A	2016	\$ -	\$ 28,950,000
Combined Fee Revenue Bonds, Series 2011A	2016	-	18,960,000
Lease Revenue Bonds, Series 2010A	2019	31,950,000	-

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 11. OPERATING LEASE COMMITMENTS AND RENTAL AGREEMENTS

The College leases various classrooms, offices, parking lots, and equipment under Rental Agreements. These agreements have clauses which allow the College to terminate the agreement if funding becomes unavailable or the Board does not approve funding. Rental payments during the fiscal years ended August 31, 2019 and 2018 were \$1,910,291 and \$1,558,533 respectively. The future minimum lease and rental payments are as follows:

<u>For the Year Ending August 31,</u>	<u>Total</u>
2020	\$ 1,717,942
2021	1,231,942
Total Future Minimum Lease Payments	<u>\$ 2,949,884</u>

NOTE 12. EMPLOYEES' RETIREMENT PLANS

Defined Benefit Plan

Plan Description

The State of Texas ("the State") has joint contributory retirement plans for almost all of its employees. One of the primary plans in which the College participates is administered by the Teacher Retirement System of Texas (TRS), a cost-sharing multiple-employer defined benefit pension plan that has a special funding situation. TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

TRS covers all employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002.

Detailed information about TRS's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report ("CAFR") that includes financial statements and required supplementary information. The report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 12. EMPLOYEES' RETIREMENT PLANS (CONTINUED)

grandfathered; the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on the date of employment, or if the member was grandfathered in under a previous rule. There are no automatic postemployment benefit changes; including automatic COLAs. Ad hoc postemployment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan described above.

Contributions

Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution, which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of TRS during the fiscal year. Texas Government Code, Section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code, Section 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance ("OASDI") for certain employees effective fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act ("GAA") established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2018 and 2017.

Contributors to the plan include members, the College, and the state of Texas as the only nonemployer contributing entity ("NECE"). The state is the employer for senior colleges, medical schools, and state agencies, including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the GAA as follows:

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 12. EMPLOYEES' RETIREMENT PLANS (CONTINUED)

	2019	2018
Contribution Rates:		
Member	7.7%	7.7%
NECE (State)	6.8%	6.8%
Employers	6.8%	6.8%
FY18 College Contributions		\$ 5,395,799
FY18 Member Contributions		\$ 10,565,099
FY18 NECE (State) Contributions		\$ 3,912,977

The District's contributions to the TRS pension plan in fiscal year 2019 were \$4,252,656 as reported in the Schedule of District Contributions in the Required Supplementary Information section of these financial statements. State of Texas on-behalf contributions for fiscal year 2019 were \$4,251,771.

The District's contributions to the TRS pension plan in fiscal year 2018 were \$3,959,510 as reported in the Schedule of District Contributions in the Required Supplementary Information section of these financial statements. State of Texas on-behalf contributions for fiscal year 2018 were \$3,987,750.

As the NECE for public education and junior colleges, the state of Texas contributes to TRS an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below, which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the district shall contribute to TRS an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, when employing a TRS retiree, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 12. EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability on August 31, 2019, and 2018 actuarial valuation were determined using the following actuarial assumptions:

<u>Fiscal Year</u>	<u>August 31, 2019</u>	<u>August 31, 2018</u>
Valuation Date	August 31, 2018	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal
Discount Rate	6.91%	8.00%
Long-term Expected Investment Rate	7.25%	8.00%
Salary Increases (1)	3.05% to 9.05%	3.50% to 9.50%
Payroll Growth Rate	2.50%	2.50%
Benefit Changes During the Year	None	None
Ad hoc Post-Employment Benefit Changes	None	None
Mortality	Active Mortality: 90% of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. Post-Retirement: The 2015 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using Scale BB.	The active mortality rate were based on 90% of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using Scale BB.

Note:

(1) Includes Inflation of 2.3% in 2019 and 2.5% in 2018

Actuarial methods and assumptions were updated based on a study of actual experience for the four-year period ending August 31, 2014, and adopted on September 24, 2015, by the TRS Board of Trustees, who have sole authority to determine the actuarial assumptions used for the plan. There were no changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period.

There were no changes in benefit terms that affected the measurement of the total pension liability during the measurement period.

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 12. EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.91%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69% (based on the 20-year municipal GO AA Index). The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the NECE are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was sufficient to finance benefit payments until the year 2069. As a result, the long term expected rate of return on pension plan investments was applied to projected benefit payments through 2069, and the municipal bond rate was applied to projected benefits after that date.

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2018, are summarized below:

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 12. EMPLOYEES' RETIREMENT PLANS (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>	<u>Expected Contribution to Long-Term Portfolio Returns (2)</u>
Global Equity:			
U.S.	18.0%	5.70%	1.04%
Non-U.S. Developed	13.0%	6.90%	0.90%
Emerging Markets	9.0%	8.95%	0.80%
Directional Hedge Funds	4.0%	3.53%	0.14%
Private Equity	13.0%	10.18%	1.32%
Stable Value:			
U.S. Treasuries	11.0%	1.11%	0.12%
Absolute Return	0.0%	0.00%	0.00%
Stable Value Hedge Funds	4.0%	3.09%	0.12%
Cash	1.0%	-0.30%	0.00%
Real Return:			
Global Inflation Linked Bonds	3.0%	70.00%	0.02%
Real Assets	14.0%	5.21%	0.73%
Energy and Natural Resources	5.0%	7.48%	0.37%
Commodities	0.0%	0.00%	0.00%
Risk Parity:			
Risk Parity	5.0%	3.70%	0.18%
Inflation Expectation			2.30%
Volatility Drag			-0.79%
Total	<u>100.0%</u>		<u>7.25%</u>

Note:

(1) Target allocations are based on the FY2016 policy model

(2) The Expected Contribution to long term Portfolio Returns incorporates the volatility drag resulting from the drag resulting from the conversion between Arithmetic and Geometric mean returns.

Source:

Teacher Retirement System of Texas 2018 Comprehensive Annual Financial Report

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 12. EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Discount Rate Sensitivity Analysis

The following schedule shows the impact on the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.91%) in measuring the 2019 Net Pension Liability.

Fiscal Year 2019 Net Pension Liability

	1% Decrease in Discount Rate (5.91%)	Discount Rate (6.91%)	1% Increase in Discount Rate (7.91%)
College's Proportionate Share of the Net Pension Liability	<u>\$ 133,058,673</u>	<u>\$ 88,162,712</u>	<u>\$ 51,816,769</u>

Fiscal Year 2018 Net Pension Liability

	1% Decrease in Discount Rate (7%)	Discount Rate (8%)	1% Increase in Discount Rate (9%)
College's Proportionate Share of the Net Pension Liability	<u>\$ 81,032,888</u>	<u>\$ 48,067,844</u>	<u>\$ 20,619,095</u>

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources,
and Deferred Inflows of Resources Related to Pensions**

On August 31, 2019, and 2018, the College reported a liability of \$88,162,712 and \$48,067,844, respectively, for its proportionate share of TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

	2019	2018
College's Proportionate Share of the Collective Net Pension Liability	\$ 88,162,712	\$ 48,067,844
State's Proportionate Share that is Associated with the College	63,974,501	36,375,762
Total Net Pension Liability	<u>\$ 152,137,213</u>	<u>\$ 84,443,606</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 12. EMPLOYEES' RETIREMENT PLANS (CONTINUED)

The net pension liability for the fiscal years ended August 31, 2019, and August 31, 2018, were measured as of August 31, 2018, and August 31, 2017, respectively. An actuarial valuation determined the total pension liability used to calculate the net pension liability as of these dates. The College's proportion of the net pension liability for 2018 and 2017 was based on the College's contributions to the pension plan relative to the contributions of all employers and non-employer contributing entities to the plan for the period September 1, 2017 through August 31, 2018, and September 1, 2016 through August 31, 2017, respectively.

At August 31, 2018, the College's proportion of the collective net pension liability was 0.1601723%, which was an increase of 6.55% from its proportion of 0.1503313% in the previous year of August 31, 2018.

The reduction in the discount affected the measurement of the total pension liability since the prior measurement period. There were no changes in benefit terms that affected the measurement of the total pension liability during the measurement period.

For the years ended August 31, 2019 and 2018, the College recognized pension expense of \$6,331,771 and \$2,774,598, respectively and revenue of \$6,331,771 and \$2,774,598, respectively for support provided by the State.

At August 31, 2019, the College reported its proportionate share of TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences Between Expected and Actual Economic Experience	\$ 549,534	\$ 2,163,165
Changes in Actuarial Assumptions	31,786,904	993,342
Net Difference Between Projected and Actual Investment Earnings	-	1,672,825
Changes in Proportion and Difference Between the College's Contributions and the Proportionate Share of Contributions	6,421,734	1,936,253
Contributions Paid to TRS Subsequent to the Measurement Date	4,252,656	-
Total	\$ 43,010,828	\$ 6,765,585

The \$4,252,656 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending August 31, 2019.

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NOTE 12. EMPLOYEES' RETIREMENT PLANS (CONTINUED)

At August 31, 2018, the College reported its proportionate share of TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences Between Expected and Actual Economic Experience	\$ 703,254	\$ 2,592,236
Changes in Actuarial Assumptions	2,189,567	1,253,476
Net Difference Between Projected and Actual Investment Earnings	-	3,503,080
Changes in Proportion and Difference Between the College's Contributions and the Proportionate Share of Contributions	4,301,001	2,603,847
Contributions Paid to TRS Subsequent to the Measurement Date	3,959,510	-
Total	\$ 11,153,332	\$ 9,952,639

The net amounts of the College's fiscal year 2019 balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended August 31,	Pension Expense Amount
2019	\$ 7,660,035
2020	4,139,733
2021	3,428,564
2022	6,698,750
2023	6,242,873
Thereafter	3,822,632
	\$ 31,992,587

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12. EMPLOYEES' RETIREMENT PLANS (CONTINUED)

The net amounts of the College's fiscal year 2018 balances of deferred outflows and inflows of resources related to pensions were recognized in pension expense as follows:

Year Ended August 31,	Pension Expense Amount
2018	\$ (1,462,071)
2019	1,606,224
2020	(1,697,784)
2021	(2,361,184)
2022	742,713
Thereafter	413,285
	<u>\$ (2,758,817)</u>

The deferred outflows and deferred inflows resulting from the difference between projected and actual earnings on pension plan investments will be recognized as a reduction of pension expense over five years. The other deferred inflows and outflows will be recognized in pension expense using the average expected remaining service lives of all members.

Defined Contribution Retirement Plans

The State has also established an Optional Retirement Plan (ORP) for institutions of higher education that is subject to amendment by the Texas Legislature. Participation in the ORP is in lieu of participation in the TRS. The ORP provides for the purchase of annuity contracts as individual retirement accounts and is a defined contribution plan. For fiscal years 2019 and 2018, the employee contribution rate is 6.65%, and the employer contribution rate is 6.60%. For those employees hired prior to September 1, 1995, the College contributes an additional 1.90% and 1.90%, respectively, for the fiscal years ended August 31, 2019, and 2018. For the years ended August 31, 2019 and 2018, ORP contributions made by employees were \$2,009,391 and \$2,044,999, respectively; contributions made by the State were \$977,444 and \$1,004,015, respectively; and the expense to the College was \$1,274,543 and \$1,315,932, respectively. Total payroll of employees participating in ORP for the fiscal years ended August 31, 2019, and 2018 was \$30,216,408 and \$30,751,871, respectively.

In addition, the College has established a defined contribution Money Purchase Plan for part-time employees, called the Part-Time Employees Retirement System (PTERS). To be eligible for participation in the PTERS, an employee must complete one hour of service in a service period.

Participation in this plan is in lieu of participation in the TRS or the ORP. Under the PTERS, the College is required to withhold from an employee's compensation 6% and match an amount equal to 1.5% of the employee's total compensation, for a combined contribution of 7.5% of the employee's total annual compensation. The College has contracted with Ohio National Life Insurance Company to administer the PTERS. The College maintains the authority to amend plan provisions and contributions of the PTERS. For the years ended August 31, 2019, and 2018, PTERS contributions made by

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NOTE 12. EMPLOYEES' RETIREMENT PLANS (CONTINUED)

employees were \$1,430,681 and \$1,396,790; and the expense to the College was \$357,705 and \$349,233, respectively. The total payroll of employees participating in PTERS for the fiscal years ended August 31, 2019, and 2018 was \$23,846,647 and \$23,281,176 respectively.

The College has no additional or unfunded liabilities for these plans.

NOTE 13. HEALTHCARE AND LIFE INSURANCE BENEFITS

In addition to the pension benefits described in Note 12, the State provides certain health care and life insurance benefits for most active and retired employees. The State appropriates a sum-certain amount for these benefits to the College based on employee enrollments during the legislative cycle, and any additional expense must be funded by the College. These benefits are administered by the Employees Retirement System of Texas and provided through an insurance company whose premiums are based on benefits paid during the previous year.

For the year ended August 31, 2019, the employer's contribution per full-time employee was \$625 per month for the year and totaled \$7,500 per employee for the year. The employer also paid a maximum amount for a spouse, child(ren), or family of \$983, \$865, and \$1,223 per month, respectively. The total cost of providing those benefits for the year was \$4,439,874 for 550 retirees and \$20,570,099 for 2,797 active employees.

For the year ended August 31, 2018, the employer's contribution per full-time employee was \$622 per month for the year and totaled \$7,464 per employee for the year. The employer also paid a maximum amount for a spouse, child(ren), or family of \$978, \$860, and \$1,217 per month, respectively. The total cost of providing those benefits for the year was \$3,925,147 for 499 retirees and \$20,511,094 for 2,772 active employees.

Of the costs above, the health and life insurance expense to the State on behalf of the College was \$10,769,786 and \$10,300,646 for the fiscal years ended August 31, 2019 and 2018, respectively. The expense to the College was \$14,240,187 and \$14,135,595 for the fiscal years ended August 31, 2019 and 2018, respectively.

NOTE 14. ON-BEHALF PAYMENTS

For the fiscal years ended August 31, 2019 and 2018 the College recorded State on-behalf contributions for the Teacher's Retirement System of \$6,331,771 and \$2,774,598, respectively, and contributions for the Optional Retirement Program of \$980,702 and \$915,292, respectively. The Optional Retirement Program contributions are received as cash reimbursements from the State for payments made by the College to the respective investment funds on behalf of the employees.

The College recorded State on-behalf contributions for health insurance of \$11,049,579 and \$13,652,853 for the fiscal years ended August 31, 2019 and 2018, respectively. These were non-cash, on-behalf contributions.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 14. ON-BEHALF PAYMENTS (CONTINUED)

The State's total on-behalf contributions for the fiscal years ended August 31, 2019 and 2018 of \$18,362,052 and \$17,342,743 respectively, were recorded as revenues and expenses in the accompanying basic financial statements.

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

	<u>2019</u>	<u>2018</u>
OPEB - ERS Payable	\$ 143,507,878	\$ 62,781,441
OPEB - Dental Payable	7,818,935	7,591,576
Total OPEB Payable	<u>\$ 151,326,813</u>	<u>\$ 70,373,017</u>

Retiree Medical Insurance – Plan Description

The College participates in a cost-sharing, multiple-employer, Other Post-Employment Benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP) is administered by the Employees Retirement System of Texas (ERS). The GBP provides certain post-employment health care, life and dental insurance benefits to retired employees of participating universities, community colleges, and State agencies in accordance with Chapter 1551, Texas Insurance Code. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the State and retire with at least ten years of service to eligible entities. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provisions of the GBP are authorized by State law and may be amended by the Texas Legislature.

OPEB Plan Fiduciary Net Position

Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Comprehensive Annual Financial Report (CAFR) that includes financial statements, notes to the financial statements and required supplementary information. The report may be obtained online at <https://ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management>; or by writing to ERS at 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377. The fiduciary net position of the plan has been determined using the same basis used by the OPEB plan.

Benefits Provided

Retiree health benefits offered through the GBP are available to most State of Texas retirees and their eligible dependents. Participants need at least ten years of service credit with an agency or institution that participates in the GBP to be eligible for GBP retiree insurance. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides a fully insured medical benefit option for Medicare-primary participants under the HealthSelect Medicare Advantage Plan and life insurance benefits to eligible retirees via a minimum premium funding arrangement. The authority under which the obligations of the plan members and employers are established and/or can be amended is in Chapter 1551, Texas Insurance Code.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Contributions

Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds.

The following table summarizes the maximum monthly employer contribution toward eligible retirees' health and basic life premium. Retirees pay any premium over and above the employer contribution. The employer does not contribute to optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. As the non-employer contributing entity (NECE), the State of Texas pays part of the premiums for the junior and community colleges.

Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Fiscal Year 2019 and 2018

	2019	2018
Retiree Only	\$ 625	\$ 622
Retiree & Spouse	983	978
Retiree & Children	865	860
Retiree & Family	1,223	1,217

Contributions of premiums to the GBP plan for the current and prior fiscal year are summarized in the following table.

Premium Contributions by Source
Group Benefits Program Plan
For the Year Ended August 31, 2019 and 2018

	2019	2018
Employers	\$ 14,066,001	\$ 1,726,918
Members (Employees)	983,535	360,784
Nonemployer Contributing Entity (State of Texas)	10,370,118	1,723,007

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Methods and Assumptions		
	August 31, 2018	August 31, 2017
Valuation Date	August 31, 2018	August 31, 2017
Actuarial Cost Method	Entry Age	Entry Age
Actuarial Assumptions:		
Discount Rate	3.96%	3.51%
Projected Annual Salary Increase	2.50% to 9.50%	2.50% to 9.50%
Annual Healthcare Trend Rate	7.30% for FY2020, 7.40% for FY2021, 7.00% for FY2022, decreasing 0.50% per year to an ultimate rate of 4.50% for FY2027 and later years	8.50% for FY2019, decreasing 0.5% per year to 4.50% for FY2017 and later years
Inflation Assumption Rate	2.50%	2.50%
Ad hoc Postemployment Benefit Changes	None	None
Mortality Rate	Service Retirees, Survivors and other Inactive Members 2017 State Retirees of Texas Mortality Table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2017. Disability Retirees - PR - 2014 Disable Retiree Mortality with Ultimate MP Projection Scale projected from the year 2014. Active Members- RP-2014 Employee Mortality tables with Ultimate MP Projection Scale from the year 2014.	The mortality rates for active member and disability retirees are based on the RP-2014 Active Member Mortality Tables with generational mortality improvements projected from the year 2014, which is based on the most recent Ultimate MP scale. The mortality rates for service retirees and beneficiaries are based on the 2017 State Retirees of Texas Mortality Tables with generational mortality improvements projected from the year 2017, which is based on the most recent Ultimate MP scale. Rates for male law enforcement and custodial officers are set forward one year.

**Source: ERS 2018 & 2017 CAFR

Investment Policy

The State Retiree Health Plan is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The System's Board of Trustees adopted the amendment to the investment policy in August 2017 to require that all funds in the plan be invested in short-term fixed-income securities and specify that the expected rate of return on these investments is 2.4%.

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Discount Rate

As the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds' rate. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.96%, which amounted to an increase of 1.12%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets, and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Discount Rate Sensitivity Analysis

The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used 3.51% in measuring the total Net OPEB liability.

Fiscal Year 2019 Net OPEB Liability (in Thousands)

College's Proportionate Share of the Net OPEB Liability	1% Decrease in Discount Rate (2.96%)	Discount Rate (3.96%)	1% Increase in Discount Rate (4.96%)
	\$ 170,377	\$ 143,508	\$ 123,171

Fiscal Year 2018 Net OPEB Liability (in Thousands)

College's Proportionate Share of the Net OPEB Liability	1% Decrease in Discount Rate (2.51%)	Discount Rate (3.51%)	1% Increase in Discount Rate (4.51%)
	\$ 74,943	\$ 62,781	\$ 53,361

Healthcare Trend Rate Sensitivity Analysis

The initial healthcare trend rate is 8.5%, and the ultimate rate is 4.5%. The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used 4.50% in measuring the net OPEB liability.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Fiscal Year 2019 Net OPEB Liability (in Thousands)

College's Proportionate Share of the Net OPEB Liability	1% Decrease (6.3% decreasing to 3.5%)	Current Healthcare Cost Trend Rates (7.3% decreasing to 4.5%)	1% Increase (8.3% decreasing to 5.5%)
	<u>\$ 121,533</u>	<u>\$ 143,508</u>	<u>\$ 171,856</u>

Fiscal Year 2018 Net OPEB Liability (in Thousands)

College's Proportionate Share of the Net OPEB Liability	1% Decrease (7.50% decreasing to 3.5%)	Current Healthcare Cost Trend Rates (8.50% decreasing to 4.50%)	1% Increase (9.50% decreasing to 5.50%)
	<u>\$ 52,778</u>	<u>\$ 62,781</u>	<u>\$ 75,761</u>

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources
and Deferred Inflows of Resources Related to OPEB**

At August 31, 2019, the College reported a liability of \$143,507,878 for its proportionate share of the ERS's net OPEB liability; this liability reflects a reduction for State support provided to the College for OPEB. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

	2019	2018
College's Proportionate Share of the Collective Net Pension Liability	\$ 143,507,878	\$ 62,781,442
State's Proportionate Share that is Associated with the College	105,800,762	62,639,268
Total Net OPEB Liability	<u>\$ 249,308,640</u>	<u>\$ 125,420,710</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

The net OPEB liability was measured as of August 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

At the measurement date of August 31, 2018 and 2017, the employer's proportion of the collective net OPEB liability was 0.48420651% and 0.18425563%, respectively.

For the year ended August 31, 2019, the College recognized OPEB expense of \$2,223,235 and revenue of \$2,216,639 for the support provided by the State. For the year ended August 31, 2018, the College recognized OPEB expense of \$1,973,886 and revenue of \$1,934,152 for the support provided by the State.

At August 31, 2019, the College reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 5,257,667
Changes in Actuarial Assumptions	-	50,289,083
Net difference between projected and actual investment return	67,959	-
Effect of change in proportion and contribution difference	102,804,874	-
Contributions Subsequent to the Measurement Date	901,873	-
Total	\$ 103,774,706	\$ 55,546,750

The \$901,873 reported as deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending August 31, 2020.

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended August 31,	Pension Expense Amount
2020	8,221,707
2021	8,221,707
2022	8,221,707
2023	12,810,412
2024	9,850,550
	\$ 47,326,083

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

The deferred outflows and deferred inflows resulting from the difference shown above will be recognized as an OPEB expense over a five-year period.

Retiree Dental Care – Plan Description

The College has elected to reimburse retirees' cost of dental benefits received through the State's SRHP. The College refers to the reimbursement program as the "Retiree Dental Care Plan," and it is considered a single employer plan. Retirees who elect to receive dental benefits, make direct contributions to the SRHP. The College then reimburses the retirees quarterly for the cost of their contribution to the SRHP. There are no standalone reports associated with this plan.

Retiree Dental Care – Funding Policy Annual OPEB Cost

The College reimburses 100% of the retiree's cost of the dental benefits provided by the SRHP; these costs are funded on a pay-as-you-go basis. A retired employee becomes eligible for dental benefits upon retirement from the College, assuming they meet the eligibility requirements for participation in the SRHP. The College's annual cost per retiree was \$343.68 for the year 2019, and \$328.92, and \$319.32 for the years ended 2018, and 2017, respectively. The total annual contributions made by the College were \$139,416, \$121,864, and \$105,171 for the years 2019, 2018, and 2017, respectively.

Actuarial Methods and Assumptions

The demographic assumptions used to value the liabilities are the same as those used in the valuation report as of August 31, 2018. The demographic assumptions are based on the assumptions that were developed for the TRS defined benefit plan.

Projections of dental benefits are based on the plan as understood by the College and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the College and the College's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions for the years ended August 31, 2019, and 2018 were as follows:

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Methods and Assumptions		
Valuation Date	August 31, 2018	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal Cost Method	Individual Entry Age Normal Cost Method
Discount Rate	3.69% as of August 31, 2018	3.42%
Rate of Inflation	2.30%	2.5% per Year
Salary Increases	3.30% to 9.30%, including inflation	3.00% to 9.00%, including inflation
Demographic Assumption	Assumptions other than the retirement rate were based on the August 31, 2014 experience study as conducted for the Teachers Retirement System of Texas (TRS). The retirement rate assumptions were based on an analysis of ACC's experience which took place in October of 2019.	Based on the August 31, 2014 experience study as conducted for the Teachers Retirement System of Texas (TRS).
Mortality	Client specific tables based on the experience of TRS members. The mortality rates are projected on a fully generational basis using scale BB to account for future mortality improvements.	Client specific tables based on the experience of TRS members. The mortality rates are projected on a fully generational basis using scale BB to account for future mortality improvements.
Health Care Trend Rates:	4.00% per year	3.5% per year
Participation Rates	It was assumed that 95% of eligible retirees would choose to receive retiree dental benefits through the Employer.	It was assumed that 95% of eligible retirees would choose to receive retiree dental benefits through the Employer.
Notes:	The discount rate changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018. Additionally, the rates of retirement, the general inflation assumption, and the dental trend rate were updated to reflect the plan's anticipated experience.	There were no benefit changes during the year.

***Source: ERS FY18 & FY17 Comprehensive Annual Financial Report

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the College's retiree dental plan are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Sensitivity of Total OPEB-Dental Liability to the Discount Rate Assumption

Regarding the sensitivity of the total OPEB-Dental Liability to changes in the discount rate, the following presents the plan's total OPEB-Dental liability, calculated using a discount rate of 3.69%, as well as what the plan's total OPEB-Dental liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

Fiscal Year 2019 Net OPEB Liability

Sensitivity of Total OPEB Liability to the Discount Rate Assumption	1% Decrease in Discount Rate (2.69%)	Discount Rate (3.69%)	1% Increase in Discount Rate (4.69%)
	<u>\$ 9,207,426</u>	<u>\$ 7,818,935</u>	<u>\$ 6,686,137</u>

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NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Fiscal Year 2018 Net OPEB Liability

Sensitivity of Total OPEB Liability to the Discount Rate Assumption	1% Decrease in Discount Rate (2.42%)	Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
	<u>\$ 8,927,430</u>	<u>\$ 7,591,576</u>	<u>\$ 6,504,097</u>

Sensitivity of Total OPEB-Dental Liability to the Healthcare Cost Trend Rate Assumption

Regarding the sensitivity of the total OPEB-Dental Liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB-Dental Liability, calculated using the assumed trend rates as well as what the plan's total OPEB-Dental Liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

Fiscal Year 2019 Net OPEB Liability

Sensitivity of Total OPEB Liability to the Discount Rate Assumption	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
	<u>\$ 6,367,661</u>	<u>\$ 7,818,935</u>	<u>\$ 9,732,773</u>

Fiscal Year 2018 Net OPEB Liability

Sensitivity of Total OPEB Liability to the Discount Rate Assumption	1% Decrease	Current Healthcare Cost Trend Rate Assumption (3.5%)	1% Increase
	<u>\$ 6,252,431</u>	<u>\$ 7,591,576</u>	<u>\$ 9,338,065</u>

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NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

At August 31, 2019, the College reported its collective deferred outflows of resources and deferred inflows of resources related to OPEB-Dental from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences Between Expected and Actual Economic Experience	\$ 59,626	\$ -
Changes in Actuarial Assumptions	-	869,489
Contributions Subsequent to the Measurement Date	139,416	-
Total	\$ 199,042	\$ 869,489

At August 31, 2018, the College reported its collective deferred outflows of resources and deferred inflows of resources related to OPEB-Dental from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes in Actuarial Assumptions	\$ -	\$ 493,653
Contributions Subsequent to the Measurement Date	121,864	-
Total	\$ 121,864	\$ 493,653

The \$139,416 reported as the deferred outflow of resources related to OPEB resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending August 31, 2020.

The net amounts of the College's balances of deferred outflows and inflows of resources related to OPEB-Dental will be recognized in OPEB expense as follows:

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Year Ended August 31,	Pension Expense Amount
2020	\$ (106,348)
2021	(106,348)
2022	(106,348)
2023	(106,348)
2024	(106,348)
Thereafter	(278,123)
	<u>\$ (809,863)</u>

The deferred inflows and deferred outflows resulting from the difference shown above will be recognized in OPEB expense over the expected remaining service lives of 7.8 to 8.8 years.

NOTE 16. COMPENSABLE ABSENCES

Full-time employees earn annual leave from 10 to 13.34 hours per month, depending on the number of years employed with the College. The College's policy is that classified, professional-technical or administrative employees may accrue up to 240 hours of annual leave.

Sick leave, which is limited to a maximum of 1,200 hours, is earned at the rate of 8 hours per month. The maximum sick leave that may be paid to an employee when he retires or otherwise terminates employment is one-half of the employee's accumulated entitlement in excess of 960 hours. The College's policy is to recognize the cost of sick leave when earned, which provides for the College's maximum vested liability.

The College's reporting of accrued liabilities for compensable absences is in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The total amount accrued on August 31, 2019, is \$7,243,145; of that amount, \$1,143,850 is allocated to sick leave and \$6,099,295 to annual leave. The total amount accrued on August 31, 2018, was \$6,752,771; of that amount, \$1,156,052 is allocated to sick leave and \$5,596,719 to annual leave.

NOTE 17. PENDING LAWSUITS AND CLAIMS

On August 31, 2019 and 2018, various lawsuits and claims involving the College were pending. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

The College receives federal, state and local grants that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The College's management believes such disallowances, if any, will not have a material effect on the basic financial statements.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 18. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

Accounts receivable at August 31, 2019 and 2018 were as follows:

Accounts Receivable at August 31, 2019 and 2018 were as follows:

	2019	2018
Tuition and Fees Receivable (Net of Allowance for Doubtful Accounts of \$15,786,570 and \$14,721,606)	\$ 16,040,134	\$ 15,223,603
Taxes Receivable (Net of Allowance for Doubtful Accounts of \$408,522 and \$335,136)	3,676,696	3,196,220
Contracts and Grants Receivable	3,945,709	1,562,113
Investment Income Receivable	-	7,215
Other Receivables	1,773,451	96,300
Total Receivables	\$ 25,435,990	\$ 20,085,451

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities balances at August 31, 2019 and 2018 were as follows:

	2019	2018
Payable to Vendors	\$ 30,853,096	\$ 19,668,896
Salaries and Benefits Payable	6,220,866	2,507,121
Payable to Students	1,800,994	1,309,995
Accrued Interest Payable	2,904,353	3,246,221
Construction Retainage	7,760,385	3,976,394
Total Payables	\$ 49,539,694	\$ 30,708,627

NOTE 19. FUNDS HELD FOR OTHERS

The College holds funds for certain student organizations and other agencies. These amounts are reflected in the basic financial statements as funds held for others in the amount of \$337,042 and \$233,817 for the fiscal years ended August 31, 2019 and 2018, respectively.

NOTE 20. CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized on *Statements of Revenues, Expenses and Changes in Net Assets* (Exhibit 2) and *Schedule of Operating Revenues* (Schedule A) and *Schedule of Non-Operating Revenues and Expenses* (Schedule C). Contract and grant awards for which funds are expended but not yet collected are included in Accounts Receivable in the *Statement of Net Assets* (See Contracts and Grants Receivable, Note 18.). Contract and grant awards that are not yet funded or expended are not included in the financial statements. Contract and grant awards'

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 20. CONTRACT AND GRANT AWARDS (CONTINUED)

funds already committed, e.g., multi-year awards or funds awarded during fiscal years ended August 31, 2019 and 2018 for which no expenses have been incurred totaled \$7,311,478 and \$10,392,152, respectively.

These totals are comprised of the following:

	2019	2018
Federal Contracts and Grant Awards	\$ 3,985,845	\$ 5,135,618
State Contracts and Grant Awards	3,199,902	4,867,800
Local Contracts and Grant Awards	53,856	57,160
Private Contracts and Grant Awards	71,875	331,574
Total Contract and Grant Awards	\$ 7,311,478	\$ 10,392,152

NOTE 21. PROPERTY TAXES

The College's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the College's taxing jurisdiction. The College's Taxable Assessed Values for the years ended August 31, 2019 and 2018, are as follows:

	2019	2018
Appraised Valuation	\$ 267,155,546,227	\$ 243,888,249,814
Less: Exemptions	(48,717,555,798)	(45,946,176,345)
Taxable Assessed Value	\$ 218,437,990,429	\$ 197,942,073,469

Tax rates for the years ended August 31, 2019 and 2018, are as follows:

	Current Operations	Debt Service	Total
Fiscal Year 2019			
Tax Rate per \$100 Valuation Authorized	\$ 0.0900	\$ 0.5000	\$ 0.5900
Tax Rate per \$100 Valuation Assessed	\$ 0.0900	\$ 0.0148	\$ 0.1048
Fiscal Year 2018			
Tax Rate per \$100 Valuation Authorized	\$ 0.0900	\$ 0.5000	\$ 0.5900
Tax Rate per \$100 Valuation Assessed	\$ 0.0900	\$ 0.0108	\$ 0.1008

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 21. PROPERTY TAXES (CONTINUED)

Taxes levied for the years ended August 31, 2019 and 2018 were \$228,221,318 and \$199,139,716, respectively (which includes adjustments for the year, if applicable). In accordance with Texas statutes, the Board of the College approves a tax rate and an order to levy taxes in September of each year. Ad-valorem property taxes are billed by the county tax assessor-collector in October of each year in accordance with Subtitle E, Texas Property Tax Code. Taxes are payable on receipt of the tax bill and are delinquent if not paid before February of the year following the year in which imposed. On January 1 of the year following the College's order to levy taxes (the assessment date), a tax lien attaches to property to secure payment of all taxes, penalties, and interest.

Taxes collected for the years ended August 31, 2019 and 2018, are as follows:

Fiscal Year 2019	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 194,754,949	\$ 32,026,369	\$ 226,781,318
Delinquent Taxes Collected	81,398	13,385	94,783
Penalties & Interest Collected	619,701	101,906	721,608
Other Tax Related Collections	184,712	30,375	215,087
Total Collections	<u>\$ 195,640,760</u>	<u>\$ 32,172,036</u>	<u>\$ 227,812,796</u>

Fiscal Year 2018	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 177,261,771	\$ 21,271,413	\$ 198,533,184
Delinquent Taxes Collected	(72,122)	(8,655)	(80,777)
Penalties & Interest Collected	552,430	66,292	618,721
Other Tax Related Collections	61,240	7,349	68,589
Total Collections	<u>\$ 177,803,318</u>	<u>\$ 21,336,398</u>	<u>\$ 199,139,716</u>

Tax collections for the years ended August 31, 2019 and 2018, are 99.89% for both years, of the current tax levy. The allowance for uncollectible property taxes amounted to \$408,522 and \$355,135 for the years ended August 31, 2019 and 2018, respectively. The use of debt service tax proceeds is restricted for the retirement of general obligation bonds

NOTE 22. INCOME TAXES

The College is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, etc., Organizations*. The College had \$68,559 and \$0 unrelated business income tax liability for the fiscal years ended August 31, 2019 and 2018, respectively.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE 23. CONSTRUCTION COMMITMENTS

The College has entered into construction commitments for various projects, including the renovation of facilities and the construction of buildings. At August 31, 2019 and 2018, the outstanding commitments under construction contracts for facilities and other projects are \$116,353,308 and \$223,152,325, respectively.

NOTE 24. DISCRETE COMPONENT UNIT – AUSTIN COMMUNITY COLLEGE FOUNDATION

Complete financial statements of the Austin Community College Foundation can be obtained from the College's Business Services Office.

NOTES TO THE FOUNDATION FINANCIAL STATEMENTS

The following footnotes are excerpted from the Foundation's audited financial statements for the year ended May 31, 2019:

NOTE A. ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Nature of Activities

Austin Community College Foundation (Foundation) is a Texas non-profit corporation chartered in 1991 to provide supplemental financial resources to advance the institutional goals and expand the educational services of Austin Community College District (ACC). The mission of the Foundation is to support educational initiatives which will enhance the quality of facilities and instruction, increase and diversify educational services, and improve access to educational opportunities for students, faculty, staff and residents of the geographic areas served by ACC.

The Foundation is organized exclusively to support ACC and its programs and is considered a component unit by ACC. As such, the financial statements of the Foundation are included within the financial statements of ACC.

2. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE A. ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions – These net assets generally result from revenues generated by contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restrictions expire, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

4. Cash Equivalents

The Foundation considers all highly liquid investments (including certificates of deposit) with maturities of three months or less when purchased to be cash equivalents.

5. Investments

The Foundation records investments using the guidance of *FASB ASC 958-320, Not-for-Profit Entities: Investments - Debt and Equity Securities*. Investments are stated at their readily determinable fair values in the Statements of Financial Position, except for certificates of deposits that are stated at cost. Unrealized gains and losses are included in the change in net assets.

6. Contributions

The Foundation records contributions using the guidance of *FASB ASC 958-605, Not-for-Profit Entities: Revenue Recognition*. Contributions received are recorded as net assets without donor restriction or net assets with donor restriction depending on the existence or nature of any donor stipulations. As donor or time stipulations are satisfied, net assets are reclassified from net assets with donor restriction to net assets without donor restriction. The Foundation's policy is to report restricted support that is satisfied in the year of receipt as restriction and then released in the same year.

7. Functional Expenses

Expenses are categorized by function as either (1) program services, (2) general and administrative, or (3) fundraising expenses. Expenses that are specifically identifiable to a function are allocated entirely to that function. Expenses that are not specifically identifiable to a function are allocated based upon management's estimate of time and resources devoted to the function. The schedule of functional expenses was as follows:

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE A. ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	2019			
	Program Services	General and Administrative	Fundraising	Total
Grants	\$ 979,495	\$ -	\$ -	\$ 979,495
Personnel	54,925	177,967	53,921	286,813
Office expenses	2,858	9,259	2,805	14,922
Professional fees	-	10,100	0	10,100
Bank and credit card charges	-	2,774	0	2,774
Insurance	-	1,831	0	1,831
Miscellaneous	-	125	0	125
Total expenses	1,037,278	202,056	56,726	1,296,060
	2018			
	Program Services	General and Administrative	Fundraising	Total
Grants	\$ 1,048,959	\$ -	\$ -	\$ 1,048,959
Personnel	51,917	173,615	53,592	279,124
Office expenses	2,449	8,189	2,528	13,166
Professional fees	-	9,800	0	9,800
Bank and credit card charges	-	2,062	0	2,062
Insurance	-	1,831	0	1,831
Miscellaneous	-	521	0	521
Total expenses	1,103,325	196,018	56,120	1,355,463

8. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9. Recently Adopted Accounting Guidance

In 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Foundation adopted the provisions of this new standard during the year ended May 31, 2019, with retroactive application to the prior year. In addition to changes in terminology used to describe net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources.

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE B. TAX EXEMPT STATUS

The Foundation is exempt from federal income tax under Internal Revenue Code Section 501(a) as an organization described in Section 501(c)(3). The Foundation has also been determined not to be a private foundation within the meaning of Section 509(a) of the Code because it is an organization described in Sections 509(a)(1) and 170(b)(1)(A)(vi). Therefore, no provision for income taxes has been included in these financial statements.

NOTE C. PROMISES TO GIVE

The promises to give balances at May 31, 2019 and 2018 were considered fully collectible. Therefore, no allowances for uncollectible balances are reflected in these financial statements. Contributions receivable have been discounted to their present values on May 31, 2019 and 2018 using interest rates of 2.00 % and 2.58 % , respectively. Promises to give comprised the following at May 31, 2019 and 2018.

	2019	2018
Collection expected in less than one year	\$ 78,596	\$ 94,603
Collection expected in one to five years	245,000	240,000
Collection expected in more than five years	205,000	270,000
 Promises to give, gross	 \$ 528,596	 \$ 604,603
Less discounts to present value	(40,100.00)	(65,200.00)
Less allowances for uncollectible balances	-	-
 Promises to give, net	 \$ 488,496	 \$ 539,403

A promise to give from one donor comprised 96% and 94 % of the promises to give balances at May 31, 2019 and 2018, respectively.

NOTE D. INVESTMENTS

Investments comprised the following at May 31, 2019 and 2018.

	2019	2018
Mutual Funds	\$ 5,461,200	\$ 5,974,657
Exchange traded funds	19,368,553	1,201,265
Certificates of deposit	1,050,187	1,248,750
Corporate bonds	910,379	962,123
Government securities	54,278	54,503
	\$ 9,414,597	\$ 9,414,298

AUSTIN COMMUNITY COLLEGE DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE D. INVESTMENTS (CONTINUED)

Individual securities that represented 5% or more of the total investment balances comprised the following at May 31, 2019 and 2018.

	2019	2018
Am. Funds Growth Fund of America (AGTHX)	\$ 1,521,764	\$ 1,713,311
Am. Funds Invmt Company of America (AIVSX)	986,446	1,107,867
Am. Funds Capital Income Builder Fund (CAIBX)	892,219	909,801
Am. Funds American Balanced Fund (ABALX)	760,770	481,501
Am. Funds Income Fund of America (AMECX)	720,951	760,807
iShares Core High Dividend ETF (HDV)	610,279	577,621

Return on investments comprised the following for the years ended May 31,

	2019	2018
Interest and dividends	\$ 577,234	\$ 421,995
Realized and unrealized gains (losses)	(460,937)	138,332
	<u>\$ 116,297</u>	<u>\$ 560,327</u>

NOTE E. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions comprised endowment corpus, accumulated investment return related to endowments that must be used in accordance with the respective endowment agreements, and contributions that are not for endowments, but must be used in accordance with the respective donor's restriction. At May 31, 2019 and 2018, net assets with donor restrictions were available for the following:

	2019	2018
Subject to expenditure for specified purpose:		
Scholarships	\$ 1,131,782	\$ 1,059,247
Other purposes	44,418	36,423
Total subject to expenditure for specified purpose	<u>\$ 1,176,200</u>	<u>\$ 1,095,670</u>
Endowment funds:		
Scholarships	\$ 8,514,840	\$ 8,245,825
Other purposes	205,497	204,807
Total endowment funds	<u>8,720,337</u>	<u>8,450,632</u>
Total net assets with donor restrictions	<u>\$ 9,896,537</u>	<u>\$ 9,546,302</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE F. ENDOWMENT

As of May 31, 2019, the Foundation's endowment comprised ninety-seven donor-restricted funds, as well as five Board designated funds. The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of original gift amounts of donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as endowment corpus (a) the original value of gifts donated to a permanent endowment, (b) the original value of subsequent gifts to a permanent endowment, and (c) accumulations to a permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the endowment. The remaining portion of a donor-restricted endowment fund that is not classified as endowment corpus is classified as accumulated earnings until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes for the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Funds with Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donors require the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature totaled \$13,314 and \$10,934 at May 31, 2019 and 2018, respectively.

Return Objectives

The Foundation has adopted investments and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the Foundation's long-term investment goal will be to achieve a rate of return on invested assets that meets the annual rate of inflation, in order to maintain the funds purchasing power, and generates sufficient income to cover the distributions for all endowed funds.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation has adopted the following strategic asset allocation ranges: 40%–60% equity; 30%–50% fixed income; and 5%–15% cash. The Foundation's Investment Committee reviews the performance of its investments and makes reports and/or recommendations to the Foundation's Board of Directors on at least an annual basis.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE F. ENDOWMENT (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year a minimum of 3 percent of each endowment fund. In establishing the policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow in order to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

Composition of Endowment

Endowment net asset composition (promises to give excluded) comprised the following at May 31, 2019 and 2018:

	Board Designated	With Donor Restrictions		2019 Total
		Endowment Corpus	Accumulated Earnings	
Board designated endowment funds	\$ 777,108	\$ -	\$ -	\$ 777,108
Donor restricted endowment funds	-	6,964,284	1,733,082	8,697,366
Total Endowment	\$ 777,108	\$ 6,964,284	\$ 1,733,082	\$ 9,474,474

	Board Designated	With Donor Restrictions		2018 Total
		Endowment Corpus	Accumulated Earnings	
Board designated endowment funds	\$ 794,583	\$ -	\$ -	\$ 794,583
Donor restricted endowment funds	-	6,511,317	1,905,087	8,416,404
Total endowment	\$ 794,583	\$ 6,511,317	\$ 1,905,087	\$ 9,210,987

Changes in Endowment

Changes in the Foundation's endowment (promises to give excluded) were as follows for the years ended May 31, 2019 and 2018:

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE F. ENDOWMENT (CONTINUED)

	Board Designated	With Donor Restrictions		Total
		Endowment Corpus	Accumulated Earnings	
Endowment, May 31, 2017	\$ 19,959	\$ 5,880,204	\$ 1,674,019	\$ 7,574,182
Contributions	740,000	630,822	-	1,370,822
Return on investments	35,261	291	449,465	485,017
Appropriations	(637)	-	(218,397)	(219,034)
Endowment, May 31, 2018	<u>794,583</u>	<u>6,511,317</u>	<u>1,905,087</u>	<u>9,210,987</u>
Contributions	-	452,607	-	452,607
Return on investments	8,509	360	92,283	101,152
Appropriations	(25,984)	-	(264,288)	(290,272)
Endowment, May 31, 2019	<u>\$ 777,108</u>	<u>\$ 6,964,284</u>	<u>\$ 1,733,082</u>	<u>\$ 9,474,474</u>

NOTE G. RELATED PARTY TRANSACTIONS

The purpose of the Foundation is to support initiatives of ACC. For the years ended May 31, 2019 and 2018, the Foundation remitted \$979,495 and \$1,048,959, respectively, to ACC for scholarship and programs.

Foundation staff are employees of ACC. The services, and facilities occupied by the personnel, are provided to the Foundation by ACC, without charge. The Foundation recognized the in-kind contribution of \$301,735 and \$292,290 during the years ended May 31, 2019 and 2018, respectively, related to these services and facilities.

The Foundation also receives in-kind contributions of property and equipment on behalf of ACC. These are considered agency transactions as the Foundation never takes custody of the property but merely acts as a transfer agent. Therefore, these donations are not reflected as contributions and related program expenses on the statements of activities. The Foundation acted as a transfer agent and received approximately \$40,083 and \$143,266 of property and equipment during the years ended May 31, 2019 and 2018, respectively, on ACC's behalf.

NOTE H. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Foundation distributions to ACC related to endowment funds are dependent on return on investments. Foundation distributions to ACC not related to endowment funds are dependent on non-endowed contributions, the timing of which varies throughout the year. The Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following reflects the Foundation's financial assets, reduced by amounts not available for general use within one year because of Board designations and donor-imposed restrictions as of May 31, 2019 and 2018.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Years Ended August 31, 2019 and 2018

NOTE H – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS. (CONTINUED)

	2019	2018
Cash and cash equivalents	\$ 1,499,831	\$ 1,079,602
Accrued interest and dividends receivable	16,119	16,728
Other receivable	15,005	-
Contributions receivable (collection within one year)	78,596	94,603
Investments	9,414,597	9,441,298
Total Financial assets	\$ 11,024,148	\$ 10,632,231
Board designations:		
Endowment funds	(777,108)	(794,583)
Donor imposed restrictions:		
Endowment funds	(8,715,337)	(8,450,632)
Other donor restrictions	(771,300)	(650,870)
Financial assets available to meet cash needs for general expenditures within one year	\$ 760,403	\$ 736,146

NOTE I. FAIR VALUE MEASUREMENTS

Certain assets are carried at fair value in these financial statements. Fair value measurements were arrived at using the following inputs at May 31, 2019 and 2018:

Fair Value Measurements at Reporting Date Using				
Description	2019	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 5,461,200	\$ 5,461,200	\$ -	\$ -
Exchange traded funds	1,938,553	1,938,553	-	-
Corporate bonds	910,379	910,379	-	-
Government securities	54,278	54,278	-	-
	\$ 8,364,410	\$ 8,364,410	\$ -	\$ -
Description	2018	(Level 1)	(Level 2)	(Level 3)
Mutual funds	\$ 5,974,657	\$ 5,974,657	\$ -	\$ -
Exchanged traded funds	1,201,265	1,201,265	-	-
Corporate bonds	962,123	962,123	-	-
Government securities	54,503	54,503	-	-
	\$ 8,192,548	\$ 8,192,548	\$ -	\$ -

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REQUIRED SUPPLEMENTARY INFORMATION

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AUSTIN COMMUNITY COLLEGE DISTRICT
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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
For the Years Ended August 31, 2019, 2018, 2017, 2016, and 2015

For the year ended August 31,	2019	2018	2017	2016	2015
College's Proportion of the Net Pension Liability	0.1601723%	0.1503313%	0.1384853%	0.1330458%	0.1502376%
College's Proportionate Share of Net Pension Liability	\$ 88,162,712	\$ 48,067,844	\$ 52,331,529	\$ 47,029,919	\$ 40,130,541
State's Proportionate Share of the Net Pension Liability Associated With the College	63,974,501	36,375,762	41,178,434	39,872,522	33,702,414
Total	<u>\$ 152,137,213</u>	<u>\$ 84,443,606</u>	<u>\$ 93,509,963</u>	<u>\$ 86,902,441</u>	<u>\$ 73,832,955</u>
College's Covered Payroll	\$ 137,209,072	\$ 126,552,024	\$ 114,156,085	\$ 106,013,031	\$ 101,875,066
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	64%	38%	46%	44%	39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.74%	82.32%	78.00%	78.43%	83.25%

Note:

Only five years of data is presented in accordance with GASB Statement No. 68, paragraph 138. The information for all periods for the 10-year schedules that are required to be presented as required supplementary information is not available. During this transition period, the information will be presented for as many years as are available.

See Notes to Required Supplementary Information.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE TEACHER RETIREMENT SYSTEM
Last Ten Fiscal Years

	Contractually Required Contribution	Contribution in Relation to the Contractually Required Contribution	Contribution Excess (Deficiency)	College's Covered Payroll	Contributions as a Percentage of Covered - Employees Payroll
2019	\$ 4,252,656	\$ (4,252,656)	-	\$ 145,022,422	2.93%
2018	3,959,510	(3,959,510)	-	137,209,072	2.89%
2017	3,725,870	(3,725,870)	-	126,552,024	2.94%
2016	3,838,913	(3,838,913)	-	114,156,085	3.36%
2015	3,808,940	(3,808,940)	-	106,013,031	3.59%
2014	3,820,253	(3,820,253)	-	101,875,066	3.75%
2013	9,452,322	(9,452,322)	-	93,057,346	10.16%
2012	385,967	(385,967)	-	91,722,333	0.42%
2011	467,883	(467,883)	-	87,041,567	0.54%
2010	419,660	(419,660)	-	79,369,464	0.53%

See Notes to Required Supplementary Information.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET OPEB-ERS LIABILITY
For the Year Ended August 31, 2019 and 2018

For the year ended August 31,	2019	2018
College's Proportion of the Net OPEB-ERS Liability	0.4842065%	0.1842556%
College's Proportionate Share of Net OPEB-ERS Liability	\$ 143,507,878	\$ 62,781,442
State's Proportionate Share of the Net OPEB-ERS Liability Associated With the College	105,800,762	62,639,268
Total	\$ 249,308,640	\$ 125,420,710
College's Covered Payroll	\$ 149,330,343	\$ 137,267,879
College's Proportionate Share of the Net OPEB-ERS Liability as a Percentage of its Covered-Employee Payroll	96%	46%
Plan Fiduciary Net Position as a Percentage of the Total OPEB- ERS Liability	1.27%	2.0%

Note:

Only two years of data is presented in accordance with GASB Statement No. 75. The information for all periods for the 10-year schedules that are required to be presented as required supplementary information is not available. During this transition period, the information will be presented for as many years as are available.

See Notes to Required Supplementary Information.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO NET OPEB-ERS LIABILITY
For the Year Ended August 31, 2019 and 2018

For the year ended August 31,	2019	2018
<u>Contractually required contribution</u>	<u>\$ 2,223,235</u>	<u>\$ 1,973,886</u>
Contribution in relation to the contractually required contribution	(2,223,235)	(1,973,886)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	149,330,343	137,267,879
Contributions as a percentage of covered-employee payroll	1.5%	1.4%

Note:

Only two years of data is presented in accordance with GASB Statement No. 75. The information for all periods for the 10-year schedules that are required to be presented as required supplementary information is not available. During this transition period, the information will be presented for as many years as are available.

See Notes to Required Supplementary Information.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COLLEGE'S OPEB DENTAL LIABILITY
For the Year Ended August 31, 2019 and 2018**

For the year ended August 31,	2019	2018
Service Cost	\$ 505,587	\$ 553,946
Interest on the total OPEB-Dental Liability	266,194	229,302
Changes of benefit terms	-	-
Difference between expected and actual experience of the total OPEB liability	66,415	-
Changes of assumptions	(488,973)	(556,808)
Benefit payments	(121,864)	(105,171)
Net change in total OPEB liability	\$ 227,359	\$ 121,269
Total OPEB liability - Beginning	7,591,576	7,470,307
Total OPEB liability - Ending	\$ 7,818,935	\$ 7,591,576
 Covered-employee payroll	 138,304,310	 134,276,029
 Plan Fiduciary Net Position as a Percentage of the Total OPEB- Dental Liability	 5.65%	 5.65%

Note:

Only two years of data is presented in accordance with GASB Statement No. 75. The information for all periods for the 10-year schedules that are required to be presented as required supplementary information is not available. During this transition period, the information will be presented for as many years as are available.

See Notes to Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended August 31, 2019 and 2018

Schedule of Contributions to the Teacher Retirement System

The Texas 82nd Legislature, as part of the General Appropriation Act, changed its historical methodology for funding employer retirement contributions. The new methodology underfunded the State's contribution to the Teachers Retirement System resulting in a shortfall for TRS. On December 1, 2011, TRS distributed a letter to all community colleges informing them of the shortfall and requesting the colleges to fund the State's shortfall. Collectively, the community colleges, via their statewide association the Texas Association of Community Colleges, responded to TRS, on December 5, 2011, that the community colleges are not liable for the State's shortfall, nor is there any legal basis for TRS to request that the colleges fund the shortfall. As such, it is the position of the community colleges, including Austin Community College, that the colleges are not liable for this shortfall. There has been no response from TRS or the State to the community colleges' letter on December 5, 2011. To date, there is no pending litigation on the matter. As of August 31, 2012, the amount of the TRS shortfall related to the College's employees is estimated to be \$4,364,698.

Changes since the Prior Actuarial Valuation for Pension

The following were changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period.

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions, including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions, including rates of the salary increase for individual participants, was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

There were no changes in benefit terms that affected the measurement of the total pension liability during the measurement period.

Changes in Assumptions Since the Prior Actuarial Valuation for OPEB-ERS

Changes in the assumptions since the previous Other Postemployment Benefits (OPEB) valuation are described as follows:

- Additional demographic assumptions (aggregate payroll increases and rate of general inflation) to reflect an experience study;
- The percentage of current and future retirees and retirees' spouses not yet eligible to participate in the HealthSelect Medicare Advantage plan who will elect to participate at the earliest date at which coverage can commence has been updated to reflect recent plan experience and expected trends;

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended August 31, 2019 and 2018

- Assumptions for administrative expenses, assumed per Capita Health Benefit Costs, Health Benefit Cost and Retiree Contribution trends to reflect recent health plan experience;
- Effects in short-term expectations and revised assumed rate of general inflation.

Changes Since the Prior Actuarial Valuation for OPEB-Dental

The demographic assumptions used to value the liabilities are the same as those used in the valuation report as of August 31, 2018. The demographic assumptions are based on the assumptions that were developed for the TRS defined benefit plan.

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SUPPLEMENTARY INFORMATION

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AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF OPERATING REVENUES
For the Fiscal Year Ended August 31, 2019
(With Memorandum Totals for the Year Ended August 31, 2018)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2019 Total	2018 Total
Tuition:						
State Funded Credit Courses						
In District Resident Tuition	39,324,007	\$ -	\$ 39,324,007	\$ -	\$ 39,324,007	\$ 39,809,349
Out of District Resident Tuition	6,139,746	-	6,139,746	-	6,139,746	6,102,569
Non Resident Tuition	8,074,560	-	8,074,560	-	8,074,560	7,369,775
TPEG - Credit (set aside)	2,525,784	-	2,525,784	-	2,525,784	2,549,263
State Funded Continuing Education	4,433,298	-	4,433,298	-	4,433,298	3,767,733
TPEG - Non-Credit (set aside)*	258,736	-	258,736	-	258,736	210,402
Non-state Funded Educational Programs	1,917,028	-	1,917,028	-	1,917,028	1,355,864
Total Tuition	<u>62,673,159</u>	<u>-</u>	<u>62,673,159</u>	<u>-</u>	<u>62,673,159</u>	<u>61,164,955</u>
Fees:						
Out of District Fees	25,400,172	-	25,400,172	-	25,400,172	26,985,216
General Fees	10,924,420	-	10,924,420	-	10,924,420	10,927,129
Student Service Fee	1,456,585	-	1,456,585	-	1,456,585	1,456,936
Sustainability Fee	728,293	-	728,293	-	728,293	728,486
Laboratory Fee	-	-	-	-	-	-
Student Accident Insurance	289,820	-	289,820	-	289,820	290,357
Application Fees	-	-	-	-	-	-
Other Fees	4,768,403	-	4,768,403	-	4,768,403	4,062,708
Total Fees	<u>43,567,693</u>	<u>-</u>	<u>43,567,693</u>	<u>-</u>	<u>43,567,693</u>	<u>44,450,832</u>
Scholarship Allowances and Discounts:						
Bad Debt Allowance	(1,081,448)	-	(1,081,448)	-	(1,081,448)	(2,452,789)
Remissions and Exemptions- State	(3,906,759)	-	(3,906,759)	-	(3,906,759)	(3,915,624)
Remissions and Exemptions-Local	(14,673,205)	-	(14,673,205)	-	(14,673,205)	(15,513,160)
Title IV Federal Grants	(16,031,916)	-	(16,031,916)	-	(16,031,916)	(16,067,068)
Other Federal Grants	(166,855)	-	(166,855)	-	(166,855)	(149,174)
Other Scholarships and Grants	(884,317)	-	(884,317)	-	(884,317)	(870,142)
TPEG Awards	(893,662)	-	(893,662)	-	(893,662)	(1,514,105)
Other State Grants	(1,656,677)	-	(1,656,677)	-	(1,656,677)	(918,508)
Total Scholarship Allowances	<u>(39,294,839)</u>	<u>-</u>	<u>(39,294,839)</u>	<u>-</u>	<u>(39,294,839)</u>	<u>(41,390,590)</u>
Total Net Tuition and Fees	<u>66,946,013</u>	<u>-</u>	<u>66,946,013</u>	<u>-</u>	<u>66,946,013</u>	<u>64,225,197</u>
Additional Operating Revenues:						
Federal Grants and Contracts	-	7,010,808	7,010,808	-	7,010,808	6,425,060
State Grants and Contracts	-	6,836,732	6,836,732	-	6,836,732	4,007,064
Local Grants and Contracts	-	179,155	179,155	-	179,155	167,916
Non-governmental Grants and Contracts	-	3,895,749	3,895,749	-	3,895,749	3,695,431
Sales and Services of Educ. Activities	2,313,172	-	2,313,172	-	2,313,172	2,362,437
General Operating Revenues	5,712,565	-	5,712,565	-	5,712,565	3,910,173
Total Additional Operating Revenues	<u>8,025,737</u>	<u>17,922,444</u>	<u>25,948,181</u>	<u>-</u>	<u>25,948,181</u>	<u>20,568,101</u>
Auxiliary Enterprises:						
Bookstore	-	-	-	1,264,960	1,264,960	692,762
Food Service	-	-	-	437,559	437,559	268,015
Other Auxiliary	-	-	-	1,786,108	1,786,108	942,276
Total Net Auxiliary Enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,488,627</u>	<u>3,488,627</u>	<u>1,903,053</u>
Total Operating Revenues	<u>\$ 74,971,750</u>	<u>\$ 17,922,444</u>	<u>\$ 92,894,194</u>	<u>\$ 3,488,627</u>	<u>\$ 96,382,821</u>	<u>\$ 86,696,351</u>

* In accordance with Education Code §56.033, \$2,784,520 in 2019 and \$2,773,667 in 2018 of tuition was set aside for Texas Public Education Grants (TPEG)

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF OPERATING EXPENSES BY OBJECT
For the Fiscal Year Ended August 31, 2019
(With Memorandum Totals for the Year Ended August 31, 2018)

	Operating Expenses				2019 Total	2018 Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 102,335,691	\$ -	\$ 23,631,178	6,901,296	\$ 132,868,166	\$ 118,198,284
Public Service	798,203	-	293,446	3,956,580	5,048,229	2,593,991
Academic Support	27,616,233	-	7,539,879	4,490,645	39,646,756	34,223,158
Student Services	26,755,659	-	7,954,980	2,366,857	37,077,497	30,375,177
Institutional Support	29,389,403	-	8,362,429	25,634,273	63,386,105	51,616,777
Operation and Maintenance of Plant	13,103,623	-	5,469,043	21,885,598	40,458,264	34,955,782
Total Unrestricted - Educational Activities	199,998,813	-	53,250,956	65,235,248	318,485,017	271,963,169
Restricted - Educational Activities						
Instruction	3,499,943	10,097,387	548,101	2,392,224	16,537,655	15,513,456
Public Service	1,841,494	-	331,216	2,113,681	4,286,391	2,047,412
Academic Support	-	2,724,873	-	-	2,724,873	2,556,852
Student Services	116,992	2,639,961	24,008	385,132	3,166,093	2,945,536
Institutional Support	1,116,551	2,899,831	-	6,813	4,023,195	3,397,914
Operation and Maintenance of Plant	-	-	-	15,582	15,582	132
Scholarship and Fellowships	-	-	-	21,649,617	21,649,617	20,900,752
Total Restricted - Educational Activities	6,574,981	18,362,052	903,324	26,563,049	52,403,406	47,362,055
Total Educational Activities	206,573,794	18,362,052	54,154,280	91,798,298	370,888,423	319,325,224
Auxiliary Enterprises	632,809		131,347	1,882,537	2,646,693	1,915,475
Depreciation Expense - Buildings and Other Real Estate Improvements				14,750,678	14,750,678	6,544,009
Depreciation Expense - Equipment and Library Books				363,571	363,571	4,109,085
Total Operating Expenses	\$ 207,206,603	\$ 18,362,052	\$ 54,285,627	\$ 108,795,083	\$ 388,649,365	\$ 331,893,793

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
For the Fiscal Year Ended August 31, 2019
(With Memorandum Totals for the Year Ended August 31, 2018)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2019 Total</u>	<u>2018 Total</u>
Non-Operating Revenues:					
State Appropriations	\$ 47,493,574	\$ 18,362,052	\$ -	\$ 65,855,626	\$ 62,826,131
Maintenance Ad Valorem Taxes	196,320,613	32,031,424	-	228,352,037	199,439,467
Federal Revenue, Non-Operating	-	33,627,805	-	33,627,805	33,320,865
Capital Grants & Gifts	5,000	-	-	5,000	120,585
Investment Income	3,177,616	7,474,976	92,154	10,744,746	4,651,724
Gain on Disposal of Capital Assets	3,871,345	-	-	3,871,345	(1,258,269)
Total Non-Operating Revenues	<u>250,868,148</u>	<u>91,496,257</u>	<u>92,154</u>	<u>342,456,560</u>	<u>299,100,503</u>
Non-Operating Expenses:					
Interest on Capital Related Debt	<u>16,184,061</u>	<u>16,362,420</u>	<u>-</u>	<u>32,546,481</u>	<u>27,549,451</u>
Net Non-Operating Revenues	<u>\$ 234,684,087</u>	<u>\$ 75,133,837</u>	<u>\$ 92,154</u>	<u>\$ 309,910,079</u>	<u>\$ 271,551,052</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
August 31, 2019
(With Memorandum Totals for the Year Ended August 31, 2018)

SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY

For the Fiscal Year Ended August 31, 2019
(With Memorandum Totals for the Year Ended August 31, 2018)

	Detail by Source				Available for Operations			
	Unrestricted	Restricted Expendable	Restricted Non-expendable	Assets Net of Depreciation & Related	2019 Total	2018 Total	Yes	No
Current:								
Unrestricted	\$ (103,404,907)	\$ -	\$ -	\$ -	\$ (103,404,907)	(77,599,914)	\$ (103,404,907)	\$ -
Board Designated					-	-	-	-
Restricted		1,439,611			1,439,611	1,329,768	-	1,439,611
Auxiliary Enterprises	5,194,338				5,194,338	4,315,859	5,194,338	-
Plant:								
Unexpended	4,604,055				4,604,055	6,544,447	4,604,055	-
Renewals					-	-	-	-
Debt Service		18,076,996			18,076,996	14,476,990	-	18,076,996
Investment in Plant				119,776,150	119,776,150	78,975,560	-	119,776,150
Total Net Position, End of Year	(93,606,514)	19,516,607	-	119,776,150	45,686,244	28,042,710	(93,606,514)	139,292,757
					(Exhibit 1)			
Total Net Position, Beginning of Year as Restated	(66,739,608)	15,806,758	-	78,975,560	28,042,710	28,042,710	(66,739,608)	94,782,318
					(Exhibit 1)			
Net Increase (Decrease) in Net Position	\$ (26,866,906)	\$ 3,709,849	\$ -	\$ 40,800,590	\$ 17,643,534	\$ -	\$ (26,866,906)	\$ 44,510,439

STATISTICAL
SECTION

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AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**STATISTICAL SECTION
(UNAUDITED)**

This part of Austin Community College District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the College's overall financial health.

The information contained within this section is being presented to provide the reader with a better understanding of five objectives:

- Financial Trends – These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.
- Revenue Capacity – Assessing the College's ability to generate revenue by examining its major revenue sources.
- Debt Capacity – Assessing the affordability of the College's current levels of outstanding debt and the College's ability to issue additional debt in the future.
- Demographic and Economic Information – Providing demographic and economic indicators to help in understanding the environment within which the College's financial activities take place.
- Operating Information – Providing information about how the College's financial report relates to the services it provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**STATISTICAL SECTION
(UNAUDITED)**

**Net Position by Component
Last Ten Fiscal Years
(in Thousands)**

Net Position:		(a)	2017	2016	(b)	2014	(c)	2012	2011	2010	
Net Investment in Capital Assets	\$	119,776	78,976	62,173	45,476	42,855	33,624	39,222	50,221	49,331	53,589
Restricted - Expendable		19,517	15,807	16,106	15,834	14,231	23,362	23,268	17,876	18,270	17,471
Unrestricted		(93,607)	(66,740)	602	(9,297)	(22,801)	15,426	15,975	25,679	24,402	26,144
Net Position, End of Year		45,686	28,043	78,881	52,013	34,285	72,412	78,465	93,776	92,003	97,204
Net Position, Beginning of Year		28,043	1,689	52,013	34,284	26,944	78,465	89,090	92,003	97,204	89,951
Change in Net Position	\$	17,644	26,354	26,868	17,729	7,341	(6,053)	(10,625)	1,773	(5,201)	7,253

Notes:

(a) To reflect the adoption of GASB 75, beginning net position was restated to record the beginning net pension liability and related deferred outflows for contributions made after measurement date of the beginning net pension liability and the beginning of the fiscal year.

(b) To reflect the adoption of GASB 68, beginning net position was restated to record the beginning net pension liability and related deferred outflows for contributions made after measurement date of the beginning net pension liability and the beginning of the fiscal year.

(c) The Financial Statements were restated in Fiscal Year 2013 to reflect the adoption of GASB 65 which requires debt issuance costs to be expensed in the period in which they are incurred.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**STATISTICAL SECTION
(UNAUDITED)**

**Revenues by Source
Last Ten Fiscal Years
(in Thousands)**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating Revenues:										
Tuition and Fees (Net of Discounts)	\$66,946	\$ 64,225	\$ 69,291	\$ 64,354	\$ 64,209	\$ 58,817	\$ 59,623	\$ 59,017	\$ 52,740	\$ 50,540
Federal Grants and Contracts	7,011	6,425	6,758	6,303	6,348	5,560	4,806	4,971	7,850	7,243
State Grants and Contracts	6,837	4,007	5,603	7,665	5,924	3,613	3,565	3,771	4,215	3,499
Local Grants and Contracts	179	168	178	199	207	206	206	239	337	383
Non-Govern. Grants and Contracts	3,896	3,695	3,202	2,735	1,391	1,272	1,214	1,157	1,047	1,028
Sales & Services of Educ. Activities	2,313	2,362	3,444	6,472	5,134	3,696	4,884	5,012	4,395	4,370
Auxiliary Enterprises	3,489	1,903	1,613	1,386	1,524	451	963	1,119	1,243	1,147
Other Operating Revenues	5,713	3,910	3,864	2,989	3,778	4,916	5,842	4,027	3,441	3,220
Total Operating Revenues	96,383	86,696	93,953	92,103	88,515	78,531	81,103	79,313	75,268	71,430
Non Operating Revenues:										
State Appropriations	65,856	62,826	61,796	62,494	62,036	60,016	54,182	53,088	59,097	59,134
Ad Valorem Taxes	228,352	199,439	182,762	159,230	131,067	118,716	111,550	106,214	100,785	104,504
Federal Revenue, Non Operating	33,628	33,321	30,916	32,724	32,488	34,991	39,178	44,963	48,823	40,322
Gifts	5	121	11	9	10	25	21	105	3	23
Investment Income	10,745	4,652	3,157	1,919	375	350	448	412	406	1,277
Other Non-operating revenues	0	-	2	-	2,685	8	-	-	-	2
Total Non-Operating Revenues	338,585	300,359	278,644	256,376	228,661	214,106	205,379	204,782	209,114	205,262
Total Revenues	\$434,968	\$ 387,055	\$ 372,597	\$ 348,479	\$ 317,176	\$ 292,637	\$ 286,482	\$ 284,095	\$ 284,382	\$ 276,692
Percentage of Total										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating Revenues:										
Tuition and Fees (Net of Discounts)	15.36%	16.59%	18.60%	18.47%	20.24%	20.10%	20.81%	20.77%	18.55%	18.27%
Federal Grants and Contracts	1.61%	1.66%	1.81%	1.81%	2.00%	1.90%	1.68%	1.75%	2.76%	2.62%
State Grants and Contracts	1.57%	1.04%	1.50%	2.20%	1.87%	1.23%	1.24%	1.33%	1.48%	1.26%
Local Grants and Contracts	0.04%	0.04%	0.05%	0.06%	0.07%	0.07%	0.07%	0.08%	0.12%	0.14%
Non-Govern. Grants and Contracts	0.90%	0.95%	0.86%	0.78%	0.44%	0.43%	0.42%	0.41%	0.37%	0.37%
Sales & Services of Educ. Activities	0.53%	0.61%	0.92%	1.86%	1.62%	1.26%	1.70%	1.76%	1.55%	1.58%
Auxiliary Enterprises	0.80%	0.49%	0.43%	0.40%	0.48%	0.16%	0.34%	0.39%	0.44%	0.41%
Other Operating Revenues	1.31%	1.01%	1.04%	0.86%	1.19%	1.69%	2.04%	1.43%	1.20%	1.17%
Total Operating Revenues	22.16%	22.40%	25.22%	26.43%	27.91%	26.84%	28.30%	27.92%	26.47%	25.82%
Non Operating Revenues:										
State Appropriations	15.14%	16.23%	16.59%	17.93%	19.56%	20.50%	18.91%	18.69%	20.78%	21.37%
Ad Valorem Taxes	52.50%	51.53%	49.05%	45.69%	41.32%	40.57%	38.94%	37.39%	35.44%	37.77%
Federal Revenue, Non Operating	7.73%	8.61%	8.30%	9.39%	10.24%	11.96%	13.68%	15.82%	17.17%	14.57%
Gifts	0.00%	0.03%	0.00%	0.00%	0.00%	0.01%	0.01%	0.04%	0.00%	0.01%
Investment Income	2.47%	1.20%	0.85%	0.55%	0.12%	0.12%	0.16%	0.14%	0.14%	0.46%
Other Non-Operating revenues	0.00%	0.00%	0.00%	0.00%	0.85%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Non-Operating Revenues	77.84%	77.60%	74.78%	73.57%	72.09%	73.16%	71.70%	72.08%	73.53%	74.18%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**STATISTICAL SECTION
(UNAUDITED)**

**Program Expenses by Function
Last Ten Fiscal Years
(in Thousands)**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating Expenses:										
Instruction	\$ 149,406	\$ 133,712	\$ 129,651	\$ 125,341	\$ 121,623	\$ 115,914	\$ 120,734	\$ 115,498	\$ 116,847	\$ 107,782
Public Service	9,335	4,641	5,207	6,625	8,013	5,563	4,436	4,607	5,446	5,165
Academic Support	42,372	36,780	32,310	32,369	27,703	26,418	24,964	24,373	24,572	23,052
Student Services	40,244	33,321	31,318	29,205	26,822	26,306	25,758	24,218	24,034	21,871
Institutional Support	67,409	55,015	53,603	47,261	44,835	41,621	41,341	35,851	35,080	35,052
O&M of Plant	40,474	34,956	31,787	29,104	25,850	32,630	27,369	24,172	24,336	31,883
Scholarships and Fellowships	21,650	20,901	19,073	19,266	18,641	19,989	22,292	27,442	34,550	30,785
Auxiliary Enterprises	2,647	1,915	1,687	1,734	608	722	352	237	939	331
Depreciation	15,114	10,653	13,386	12,886	13,064	11,597	10,443	10,100	9,750	6,531
Total Operating Expenses	<u>388,649</u>	<u>331,894</u>	<u>318,022</u>	<u>303,791</u>	<u>287,159</u>	<u>280,760</u>	<u>277,689</u>	<u>266,498</u>	<u>275,554</u>	<u>262,452</u>
Non-Operating Expenses:										
Interest on Capital Related Debt	32,546	27,549	27,706	26,922	22,677	17,930	19,164	15,798	13,942	6,987
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-
Gain Disposal of Cap Assets	3,871	1,258	2	36	-	-	23	26	88	-
Investment Loss	-	-	-	-	-	-	-	-	-	-
Total Non-Operating Expenses	<u>36,418</u>	<u>28,808</u>	<u>27,708</u>	<u>26,958</u>	<u>22,677</u>	<u>17,930</u>	<u>19,187</u>	<u>15,824</u>	<u>14,030</u>	<u>6,987</u>
Total Expenses	<u>\$ 425,067</u>	<u>\$ 360,702</u>	<u>\$ 345,730</u>	<u>\$ 330,749</u>	<u>\$ 309,836</u>	<u>\$ 298,690</u>	<u>\$ 296,876</u>	<u>\$ 282,322</u>	<u>\$ 289,584</u>	<u>\$ 269,439</u>
Percentage of Total										
Operating Expenses:										
Instruction	35.14%	37.06%	37.49%	37.89%	39.24%	38.81%	40.67%	40.91%	40.35%	40.00%
Public Service	2.20%	1.29%	1.51%	2.00%	2.59%	1.86%	1.49%	1.63%	1.88%	1.92%
Academic Support	9.97%	10.20%	9.35%	9.79%	8.94%	8.84%	8.41%	8.63%	8.49%	8.56%
Student Services	9.47%	9.24%	9.06%	8.83%	8.66%	8.81%	8.68%	8.58%	8.30%	8.12%
Institutional Support	15.86%	15.25%	15.50%	14.29%	14.47%	13.93%	13.93%	12.70%	12.11%	13.01%
O&M of Plant	9.52%	9.69%	9.19%	8.80%	8.34%	10.92%	9.22%	8.56%	8.40%	11.83%
Scholarships and Fellowships	5.09%	5.79%	5.52%	5.82%	6.02%	6.70%	7.51%	9.72%	11.93%	11.43%
Auxiliary Enterprises	0.62%	0.53%	0.49%	0.52%	0.20%	0.24%	0.12%	0.08%	0.32%	0.12%
Depreciation	3.56%	2.95%	3.87%	3.90%	4.22%	3.89%	3.51%	3.58%	3.36%	2.42%
Total Operating Expenses	<u>91.43%</u>	<u>92.01%</u>	<u>91.99%</u>	<u>91.85%</u>	<u>92.68%</u>	<u>94.00%</u>	<u>93.54%</u>	<u>94.39%</u>	<u>95.16%</u>	<u>97.41%</u>
Non-Operating Expenses:										
Interest on Capital Related Debt	7.66%	7.64%	8.01%	8.14%	7.32%	6.00%	6.46%	5.60%	4.81%	2.59%
Other Non-Operating Expenses	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gain on Disposal of Cap Assets	0.91%	0.35%	0.00%	0.01%	0.00%	0.00%	0.01%	0.01%	0.03%	0.00%
Investment Loss	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Non-Operating Expenses	<u>8.57%</u>	<u>7.99%</u>	<u>8.01%</u>	<u>8.15%</u>	<u>7.32%</u>	<u>6.00%</u>	<u>6.46%</u>	<u>5.61%</u>	<u>4.84%</u>	<u>2.59%</u>
Total Expenses	<u>100.00%</u>									

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**STATISTICAL SECTION
(UNAUDITED)**

**Tuition and Fees
Last Ten Fiscal Years**

**Resident
Fees per Semester Credit Hour (SCH)**

Fiscal Year	In-District Tuition	Out-of-District Tuition (a)	Out-of-District Fee (a)	General Fee	Student Activity Fees	Sustainability Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Yr In-District	Increase from Prior Yr Out-of-District
2019	\$ 67	\$ 67	\$ 276	\$ 15	\$ 2	\$ 1	\$ 1,020	\$ 4,332	0.00%	-0.55%
2018	67	67	278	15	2	1	1,020	\$ 4,356	0.00%	0.00%
2017	67	67	278	15	2	1	1,020	4,356	0.00%	18.24%
2016	67	67	222	15	2	1	1,020	3,684	0.00%	6.97%
2015	67	67	202	15	2	1	1,020	3,444	2.41%	9.54%
2014	67	67	179	13	2	1	996	3,144	6.41%	9.17%
2013	62	62	162	13	2	1	936	2,880	14.71%	14.29%
2012	52	52	142	13	2	1	816	2,520	17.24%	26.51%
2011	42	150	-	13	2	1	696	1,992	7.41%	9.21%
2010	39	137	-	13	2	-	648	1,824	0.00%	7.04%

**Non - Resident
Fees per Semester Credit Hour (SCH)**

Fiscal Year	Non-Res Tuition Out-of-State	Non-Res Tuition Intl	General Fee	Student Activity Fees	Sustainability Fee	Cost for 12 SCH Out-of-State	Cost for 12 SCH Intl	Increase from Prior Yr Out-of-State	Increase from Prior Yr Intl
2019	\$ 416	\$ 416	\$ 15	\$ 2	\$ 1	\$ 5,208	\$ 5,208	-0.46%	-0.46%
2018	418	418	15	2	1	5,232	\$ 5,232	0.00%	0.00%
2017	418	418	15	2	1	5,232	5,232	15.34%	15.34%
2016	360	360	15	2	1	4,536	4,536	4.71%	4.71%
2015	343	343	15	2	1	4,332	4,332	9.73%	9.73%
2014	313	313	13	2	1	3,948	3,948	1.54%	1.54%
2013	308	308	13	2	1	3,888	3,888	3.18%	3.18%
2012	298	298	13	2	1	3,768	3,768	3.29%	3.29%
2011	288	288	13	2	1	3,648	3,648	1.33%	1.33%
2010	285	285	13	2	-	3,600	3,600	0.00%	0.00%

Notes:

To be comparable and consistent, this table reflects the rates from the Fall semester of each fiscal year. In addition to the above, various miscellaneous fees may be required depending on the courses or activities taken.

(a) In 2012, a portion of out-of-district tuition was reclassified to an out-of-district fee.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**STATISTICAL SECTION
(UNAUDITED)**

**State Appropriations per FTSE and Contact Hour
Last Ten Fiscal Years**

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour			
		FTSE (15 SCH)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (a)	Total Contact Hours	State Appropriation per Contact Hour
2019	\$ 62,119,687	20,792	\$ 2,988	10,324,890	3,114,822	14,187,358	\$ 4.38
2018	62,826,131	20,755	3,027	10,659,102	3,011,135	13,670,237	4.60
2017	61,795,929	21,081	2,931	10,661,659	3,072,975	13,734,634	4.50
2016	62,494,165	20,965	2,981	10,940,246	3,074,734	14,014,980	4.46
2015	62,036,062	20,055	3,093	10,998,536	3,190,436	14,188,972	4.37
2014	60,016,104	20,259	2,962	11,101,552	3,177,630	14,279,182	4.20
2013	54,181,617	20,806	2,604	11,627,424	3,631,732	15,259,156	3.55
2012	53,087,767	21,701	2,446	12,427,152	3,847,562	16,274,714	3.26
2011	59,097,142	21,972	2,690	12,913,216	4,720,791	17,634,007	3.35
2010	59,133,878	20,000	2,957	12,144,888	3,578,718	15,723,606	3.76

Source:

(a) CBM001 and CBM00A from the Texas Higher Education Coordinating Board.

Notes:

FTSE is defined as the number of full time students plus total hours taken by part-time students divided by 15.
The FTSE is found in the ACC Fact Book.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**STATISTICAL SECTION
(UNAUDITED)**

**Assessed Value and Taxable Assessed Value of Property
Last Ten Fiscal Years**

Fiscal Year	(Amounts expressed in thousands)			Ratio of Taxable Assessed Value to Assessed Value	Tax Rate		
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value		Maintenance & Operations Rate	Debt Service Rate	Total Tax Rate
2019	\$ 267,155,546	\$ 47,343,631	\$ 218,911,915	81.94%	\$ 0.09000	\$ 0.01480	\$ 0.10480
2018	243,888,249	45,946,176	197,942,073	81.16%	0.09000	0.01080	0.10080
2017	222,866,079	44,022,945	178,843,133	80.25%	0.09000	0.01200	0.10200
2016	195,753,882	37,848,364	157,905,518	80.67%	0.09000	0.01050	0.10050
2015	168,976,487	29,669,339	139,307,148	82.44%	0.09000	0.00420	0.09420
2014	149,340,769	25,245,135	124,095,634	83.10%	0.09000	0.00490	0.09490
2013	140,251,968	23,240,309	117,011,659	83.43%	0.09000	0.00510	0.09510
2012	135,788,176	23,541,278	112,246,898	82.66%	0.09000	0.00480	0.09480
2011	124,833,360	19,963,728	104,869,632	84.01%	0.09000	0.00510	0.09510
2010	130,105,839	21,074,859	109,030,980	83.80%	0.09000	0.00460	0.09460

Source:
Travis, Williamson, Hays, Bastrop, Lee, and Caldwell Counties Appraisal Districts.

Notes:
Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**STATISTICAL SECTION
(UNAUDITED)**

**Principal (Top 10) Taxpayers
Last Ten Fiscal Years**

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Fiscal Year (in Thousands)			
		2019	2018	2017	2016
Samsung Austin Semiconductor	Manufacturing	\$ 1,094,818	\$ 1,667,794	\$ 1,945,796	\$ 2,477,907
PKY-San Jacinto Center LLC	Real Estate	-	-	-	307,830
Columbia/St Davids Health Care	Medical	-	567,805	569,150	516,094
Freescale Semiconductor, Inc	Manufacturing	-	-	-	308,035
Freescale Semiconductor	Manufacturing	-	-	-	-
Applied Materials, Inc.	Manufacturing	723,034	619,659	519,692	418,773
Apple INC	Manufacturing	457,508	418,759	384,000	264,264
Circuit of the Americas LLC	Sports/Recreation	-	-	-	-
Dell, Inc.	Manufacturing	-	-	-	-
IBM Corporation (a)	Manufacturing	-	-	-	253,918
IMT Capital II Riata LP	Real Estate	-	-	299,413	256,260
CSHV-401 Congress LLC	Limited Liability Co.	401,326	359,707	335,535	251,256
Finley Company	Oil Land Leases	486,424	412,775	352,737	240,032
CSHV-300 West 6th Street LLC	Limited Liability Co.	321,559	-	282,443	-
HEB Grocery Company LP	Food Retail	-	318,283	292,659	-
TPG-300 West 6th Street LLC	Real Estate	-	-	-	-
Shoping Center at Gateway LP	Real Estate	-	-	-	-
Spansion LLC	Manufacturing	-	-	-	-
Brandywine Acquisition Partners LP	Real Estate	-	-	-	-
Advanced Micro Devices Inc.	Manufacturing	-	-	-	-
CJUF II Stratus Block 21 LLC	Real Estate	-	-	-	-
Hewlett-Packard Company	Manufacturing	-	-	-	-
Cousins-One Congress Plaza LLC	Manufacturing	317,979	-	-	-
Domain Retail Property Owner LP	Retail Center	376,555	343,764	301,943	-
BPP Alphabet MF Riata LP	Lawyers	348,761	325,076	-	-
GW Block 23 Office LLC	Real Estate	362,123	307,578	-	-
Totals		\$ 4,890,087	\$ 5,341,200	\$ 5,283,368	\$ 5,294,369
Total Taxable Assessed Value		\$ 218,437,990	\$ 197,942,073	\$ 178,843,133	\$ 157,905,518

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Fiscal Year			
		2019	2018	2017	2016
Samsung Austin Semiconductor	Manufacturing	0.50%	0.84%	1.09%	1.57%
PKY-San Jacinto Center LLC	Real Estate	-	-	-	0.19%
Columbia/St Davids Health Care	Medical	-	0.29%	0.32%	0.33%
Freescale Semiconductor, Inc	Manufacturing	-	-	-	0.20%
Freescale Semiconductor	Manufacturing	-	-	-	-
Applied Materials, Inc.	Manufacturing	0.33%	0.31%	0.29%	0.27%
Apple INC	Manufacturing	0.21%	0.21%	0.21%	0.17%
Circuit of the Americas LLC	Sports/Recreation	-	-	-	-
Dell, Inc.	Manufacturing	-	-	-	-
IBM Corporation (a)	Manufacturing	-	-	-	0.16%
IMT Capital II Riata LP	Real Estate	-	-	0.17%	0.16%
CSHV-401 Congress LLC	Limited Liability Co.	0.18%	0.18%	0.19%	0.16%
CSHV-300 West 6th Street LLC	Limited Liability Co.	0.15%	-	0.16%	-
Finley Company	Oil Land Leases	0.22%	0.21%	0.20%	0.15%
HEB Grocery Company LP	Food Retail	-	0.16%	0.16%	-
TPG-300 West 6th Street LLC	Real Estate	-	-	-	-
Shoping Center at Gateway LP	Real Estate	-	-	-	-
Spansion LLC	Manufacturing	-	-	-	-
Brandywine Acquisition Partners LP	Real Estate	-	-	-	-
Advanced Micro Devices Inc.	Manufacturing	-	-	-	-
CJUF II Stratus Block 21 LLC	Real Estate	-	-	-	-
Hewlett-Packard Company	Manufacturing	-	-	-	-
Cousins-One Congress Plaza LLC	Manufacturing	0.15%	-	-	-
Domain Retail Property Owner LP	Retail Center	0.17%	0.17%	0.17%	-
BPP Alphabet MF Riata LP	Lawyers	0.16%	0.16%	-	-
GW Block 23 Office LLC	Real Estate	0.17%	0.16%	-	-
Totals		2.24%	2.70%	2.95%	3.35%

Source:
Travis and Williamson County Tax Assessors/Collectors.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**STATISTICAL SECTION
(UNAUDITED)**

**Property Tax Levies and Collections
Last Ten Fiscal Years
(in Thousands)**

Fiscal Year	Original Tax Levy	Cumulative Levy Adjustments	Adjusted Tax Levy	Collection Year of Levy	Percentage of Levy	Prior Collections of Prior Levies	Current Collections of Prior Levies	Total Collections	Cumulative Collections of Adjusted Levy
2019	\$ 232,362	\$ (589)	\$ 231,773	\$ 228,239	98.20%	\$ (26)	\$ (46)	\$ 228,167	98.44%
2018	199,366	6	199,372	198,356	99.50%	5	(71)	198,290	99.46%
2017	182,724	(567)	182,157	181,785	99.49%	-	(10)	181,775	99.79%
2016	158,987	(582)	158,404	158,107	99.45%	(57)	22	158,072	99.79%
2015	130,594	(438)	130,156	129,598	99.24%	221	31	129,850	99.76%
2014	118,146	(154)	117,992	117,220	99.22%	383	23	117,626	99.69%
2013	111,214	(205)	111,009	110,452	99.31%	383	8	110,843	99.85%
2012	106,051	(192)	105,859	105,233	99.23%	511	-	105,744	99.89%
2011	100,447	(298)	100,149	99,520	99.08%	507	(4)	100,023	99.87%
2010	104,074	(313)	103,761	102,956	98.93%	665	1	103,622	99.87%

Sources:

Travis County Tax Office - Overall Collection/Distribution Reports.
Williamson County Tax Office - Recap & Standings Report.
Hays County Tax Office - Recap & Standings Report.
Bastrop County Tax Office - Recap & Standings Report.

Note:

"Current collections" and "Prior collections" of prior levies do not include penalties and interest. They include tax collections net of tax reversals for the year.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**STATISTICAL SECTION
(UNAUDITED)**

**Ratios of Outstanding Debt
Last Ten Fiscal Years
(in Thousands)**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Bonded Debt										
General Obligation Bonds	\$ 431,461	\$ 449,440	\$ 323,682	\$ 334,659	\$ 265,587	\$ 92,454	\$ 95,593	\$ 96,250	\$ 95,169	\$ 96,399
Less:										
Funds Restricted for Debt Service	1,408	1,094	2,080	844	822	818	817	246	194	191
Total General Bonded Debt	<u>\$ 430,053</u>	<u>\$ 448,346</u>	<u>\$ 321,602</u>	<u>\$ 333,815</u>	<u>\$ 264,765</u>	<u>\$ 91,636</u>	<u>\$ 94,776</u>	<u>\$ 96,004</u>	<u>\$ 94,975</u>	<u>\$ 96,208</u>
Other Debt										
Revenue Bonds	\$ 207,437	\$ 181,055	\$ 172,806	\$ 178,571	\$ 178,333	\$ 181,737	\$ 185,841	\$ 112,061	\$ 125,759	\$ 76,340
Lease Revenue Bonds	251,630	290,737	182,128	187,707	192,693	191,833	194,685	197,054	152,423	120,365
Capital Lease & Notes Obligations	941	1,397	1,238	275	843	1,402	1,955	1,159	534	1,050
Total Other Debt	460,008	473,189	356,172	366,553	371,869	374,972	382,481	310,274	278,716	197,755
Total Outstanding Debt	<u>\$ 460,438</u>	<u>\$ 921,535</u>	<u>\$ 677,774</u>	<u>\$ 700,368</u>	<u>\$ 636,634</u>	<u>\$ 466,608</u>	<u>\$ 477,257</u>	<u>\$ 406,278</u>	<u>\$ 373,691</u>	<u>\$ 293,963</u>
General Bonded Debt Ratios										
Per Capita	\$ 191.93	\$ 206.06	\$ 152.26	\$ 162.33	\$ 132.33	\$ 48.66	\$ 51.67	\$ 53.83	\$ 54.95	\$ 56.42
Per FTSE	20,792	21,602	15,256	15,922	13,202	4,523	4,555	4,424	4,323	4,810
As a % of Taxable Assessed Value	0.22%	0.22%	0.18%	0.21%	0.19%	0.07%	0.08%	0.09%	0.09%	0.09%
Total Outstanding Debt Ratios										
Per Capita	\$ 212.35	\$ 489.38	\$ 359.93	\$ 371.93	\$ 338.09	\$ 254.38	\$ 260.18	\$ 227.80	\$ 216.23	\$ 172.40
Per FTSE	22,184	44,401	33,796	34,922	31,744	23,032	22,938	18,722	17,008	14,698
As a % of Taxable Assessed Value	0.33%	0.66%	0.49%	0.50%	0.46%	0.38%	0.41%	0.36%	0.36%	0.27%

Notes:
Ratios calculated using population and Tax Assessed Value from current year.
Debt per student calculated using Full-Time-Student-Equivalent enrollment.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**STATISTICAL SECTION
(UNAUDITED)**

**Legal Debt Margin Information
Last Ten Fiscal Years
(in Thousands)**

	2019	2018	2017	2016
Taxable Assessed Value	\$ 218,911,915	\$ 197,942,073	\$ 178,843,133	\$ 157,905,518
General Obligation Bonds				
Statutory Tax Levy Limit for Debt Serv (1)	\$ 1,094,560	\$ 989,710	\$ 894,216	\$ 789,528
Less: Funds Restricted for Repayment of General Obligation Bonds	1,408	1,094	2,080	844
Net Statutory Tax Levy Limit for Debt Service	1,093,152	988,616	892,136	788,684
Current Year Debt Service Requirements	32,384	21,501	21,475	16,723
Excess of Statutory Limit for Debt Service over Current Requirements	<u>\$ 1,060,768</u>	<u>\$ 967,115</u>	<u>\$ 870,661</u>	<u>\$ 771,961</u>
Net Current Requirements as a % of Statutory Limit	3.09%	2.28%	2.63%	2.23%

Note:

(1) Texas Education Code Section 130.122 limits the debt service tax levy of community colleges to \$0.50 per hundred dollars taxable assessed valuation.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

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2015	2014	2013	2012	2011	2010
\$ 139,307,148	\$ 124,095,634	\$ 117,011,659	\$ 112,246,898	\$ 104,869,632	\$ 109,030,980
\$ 696,536	\$ 620,478	\$ 585,058	\$ 561,234	\$ 524,348	\$ 545,155
822	818	817	246	194	191
695,714	619,660	584,241	560,988	524,154	544,964
5,882	6,093	5,428	4,868	5,402	5,065
\$ 689,832	\$ 613,567	\$ 578,813	\$ 556,120	\$ 518,752	\$ 539,899
0.96%	1.11%	1.07%	0.91%	1.07%	0.96%

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**STATISTICAL SECTION
(UNAUDITED)**

**Pledged Revenue Coverage
Last Ten Fiscal Years
(in Thousands)**

Fiscal Year	Pledged Revenues				Debt Service Requirements			Coverage Ratio
	Tuition	General Fees	Interest Income	Total	Principal	Interest	Total	
2019	\$ 15,668	\$ 10,924	\$ 3,192	\$ 29,785	\$ 6,506	\$ 6,891	\$ 13,397	2.22
2018	15,291	10,927	1,868	28,086	5,805	6,348	12,153	2.31
2017	15,698	11,004	977	27,679	4,797	6,503	11,300	2.45
2016	15,379	11,077	682	27,138	4,646	6,322	10,968	2.47
2015	15,335	11,206	327	26,868	4,315	6,156	10,471	2.57
2014	14,940	9,717	316	24,973	4,170	7,240	11,410	2.19
2013	14,702	10,119	424	25,245	4,050	6,397	10,447	2.42
2012	18,698	10,709	355	29,762	3,895	4,941	8,836	3.37
2011	16,237	11,155	369	27,761	3,545	3,072	6,617	4.20
2010	14,239	10,404	292	24,935	2,910	2,614	5,524	4.51

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Demographic and Economic Statistics - Taxing District
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in Thousands)	Personal Income Per Capita	Unemployment Rate
2019	Not Available	Not Available	Not Available	2.8%
2018	\$ 2,168,316	\$ 127,439,200	\$ 58,570	3.3%
2017	2,112,172	115,982,300	54,911	3.3%
2016	2,056,405	106,040,064	51,566	3.3%
2015	2,000,860	102,072,000	51,014	3.5%
2014	1,883,051	84,285,529	44,760	4.6%
2013	1,834,303	78,695,523	42,902	5.6%
2012	1,783,519	72,152,395	40,455	6.4%
2011	1,728,247	66,945,243	38,736	7.6%
2010	1,705,075	64,014,645	37,544	7.3%

Sources:

Texas Workforce Commission, U.S. Bureau of Economic Analysis.

Tracer Texas Labor Market Information.

Austin - Round Rock, TX Metropolitan Statistical Area.

https://demographics.texas.gov/Resources/TPEPP/Estimates/2018/2018_txpopest_msa.pdf

<http://legacy.lib.utexas.edu/government/statistics.html#texas>

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**STATISTICAL SECTION
(UNAUDITED)**

**Principal (Top Ten) Employers
Last Ten Fiscal Years**

Employer	2019		2018		2017		2016		2015	
	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment
Local Government	92,100	8.65%	90,600	8.51%	87,800	8.59%	91,900	9.24%	90,000	9.47%
State Government	69,200	6.50%	64,800	6.09%	70,600	6.91%	69,400	6.98%	69,100	7.27%
University of Texas at Austin	51,676	4.86%	23,665	2.22%	25,859	2.53%	14,079	1.42%	26,935	2.84%
HEB	13,756	1.29%	13,453	1.26%	12,198	1.19%	n/a	n/a	n/a	n/a
Federal Government	14,400	1.35%	13,100	1.23%	12,800	1.25%	13,500	1.36%	13,100	1.38%
Dell Inc.	13,000	1.22%	12,000	1.13%	13,000	1.27%	13,000	1.31%	14,000	1.47%
Ascension Seton Healthcare	9,947	0.93%	10,297	0.97%	10,270	1.00%	10,945	1.10%	12,770	1.34%
Wal-Mart Stores, Inc.	7,100	0.67%	9,100	0.86%	n/a	n/a	5,700	0.57%	5,500	0.58%
St. David's Healthcare	10,309	0.97%	9,021	0.85%	8,598	0.84%	8,369	0.84%	8,100	0.85%
Apple, Inc.	6,000	0.56%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Amazon.com LLC	4,000	0.38%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
IBM Corporation	6,000	0.56%	6,000	0.56%	6,000	0.59%	6,000	0.60%	6,000	0.63%
NXP.com	4,000	0.38%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Samsung Austin Semiconductor LLC	3,762	0.35%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Freescale Semiconductor, Inc.	n/a	n/a								
Total	305,250	28.67%	252,036	23.68%	247,125	24.17%	232,893	23.42%	245,505	25.83%

Sources:
Austin Business Journal, Book of Lists 2018-19.
Texas Workforce Commission.

AUSTIN COMMUNITY COLLEGE DISTRICT
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STATISTICAL SECTION
(UNAUDITED)

2014		2013		2012		2011		2010	
Number of Employees	% of Total Employment	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment
89,600	9.95%	83,900	10.16%	86,200	10.84%	86,800	11.23%	83,800	11.01%
70,900	7.88%	72,500	8.78%	70,800	8.90%	72,100	9.33%	72,000	9.46%
27,264	3.03%	21,626	2.62%	27,894	3.51%	28,128	3.64%	16,156	2.12%
11,277	1.25%	10,545	1.28%	10,263	1.29%	14,882	1.93%	10,904	1.43%
11,300	1.26%	12,400	1.50%	12,500	1.57%	12,300	1.56%	11,900	1.56%
14,000	1.56%	12,000	1.45%	12,000	1.51%	10,000	1.29%	16,000	2.10%
12,609	1.40%	12,606	1.53%	11,601	1.46%	10,737	1.39%	9,793	1.29%
n/a	n/a	n/a	n/a	n/a	n/a	6,900	0.89%	6,900	0.91%
7,950	0.88%	7,400	0.90%	7,100	0.89%	6,598	0.85%	6,043	0.79%
n/a	n/a								
n/a	n/a								
6,000	0.67%	6,000	0.73%	6,239	0.78%	n/a	n/a	6,200	0.81%
n/a	n/a								
n/a	n/a								
n/a	n/a	5,000	0.61%	5,000	0.63%	5,000	0.65%	4,300	0.56%
250,900	27.88%	243,977	29.56%	249,597	31.38%	253,445	32.79%	243,996	32.04%

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**STATISTICAL SECTION
(UNAUDITED)**

**Faculty, Staff, and Administrators' Statistics
Last Ten Fiscal Years**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Faculty:										
Full-Time	644	623	617	641	626	608	632	632	624	592
Part-Time	1277	1255	1364	1394	1,371	1,340	1,434	1,487	1,460	1,401
Total	1,921	1,878	1,981	2,035	1,997	1,948	2,066	2,119	2,084	1,993
Percent:										
Full-Time	33.5%	33.2%	31.1%	31.5%	31.3%	31.2%	30.6%	29.8%	29.9%	29.7%
Part-Time	66.5%	66.8%	68.9%	68.5%	68.7%	68.8%	69.4%	70.2%	70.1%	70.3%
Staff and Administrators:										
Full-Time	1,697	1,637	1,658	1,407	1,352	1,261	1,271	1,288	1,282	1,215
Part-Time	182	238	245	172	160	138	150	163	173	174
Total	1,879	1,875	1,903	1,579	1,512	1,399	1,421	1,451	1,455	1,389
Percent:										
Full-Time	90.3%	87.3%	87.1%	89.1%	89.4%	90.1%	89.4%	88.8%	88.1%	87.5%
Part-Time	9.7%	12.7%	12.9%	10.9%	10.6%	9.9%	10.6%	11.2%	11.9%	12.5%
FTSE per Full-time Faculty	31.14	32.19	32.50	31.29	32.04	33.32	32.92	34.34	35.2	33.8
FTSE per Full-Time Staff	11.82	12.25	12.10	14.25	14.83	16.07	16.37	16.85	17.1	16.5
Average Annual Faculty Salary	\$73,507	\$71,741	\$69,358	\$69,151	\$66,961	\$66,085	\$65,585	\$64,150	\$62,124	\$63,123

Sources:
ACC Office of Institutional Effectiveness.
TCCTA Survey of Faculty Salaries.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**STATISTICAL SECTION
(UNAUDITED)**

**Enrollment Details
Last Ten Fiscal Years**

Student Classification	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent								
00-30 hours	26,367	68.73%	26,506	68.91%	27,306	69.64%	26,894	69.12%	25,806	68.09%
31-60 hours	9,409	24.53%	9,429	24.52%	9,255	23.60%	9,220	23.70%	9,297	24.53%
>60 hours	2,586	6.74%	2,527	6.57%	2,647	6.75%	2,795	7.18%	2,797	7.38%
Total	38,362	100.00%	38,462	100.00%	39,208	100.00%	38,909	100.00%	37,900	100.00%

Semester Hour Load	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent								
Less than 3	442	1.15%	436	1.13%	528	1.35%	414	1.06%	438	1.16%
3-5 semester hours	10,964	28.58%	11,183	29.08%	11,078	28.25%	10,929	28.09%	10,571	27.89%
6-8 Semester hours	13,132	34.23%	12,764	33.19%	13,231	33.75%	13,069	33.59%	12,591	33.22%
9-11 semester hours	7,291	19.01%	7,284	18.94%	7,368	18.79%	7,236	18.60%	6,997	18.46%
12-14 semester hours	5,643	14.71%	5,929	15.42%	6,001	15.31%	6,272	16.12%	6,257	16.51%
15-17 semester hours	809	2.11%	795	2.07%	933	2.38%	897	2.31%	964	2.54%
18 & over	81	0.21%	71	0.18%	69	0.18%	92	0.24%	82	0.22%
Total	38,362	100.00%	38,462	100.00%	39,208	100.00%	38,909	100.00%	37,900	100.00%

Average Course Load	7.64	7.63	7.61	7.29	7.94
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Tuition Status	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent								
Texas Resident (In-District)	26,431	68.90%	26,842	69.79%	27,760	70.80%	27,809	71.47%	27,552	72.70%
Texas Resident (Out-of-District)	2,991	7.80%	3,219	8.37%	3,370	8.60%	3,679	9.46%	3,824	10.09%
Non-Resident Tuition (a)	794	2.07%	782	2.03%	875	2.23%	995	2.56%	940	2.48%
Other (b)	8,146	21.23%	7,619	19.81%	7,203	18.37%	6,426	16.52%	5,584	14.73%
Total	38,362	100.00%	38,462	100.00%	39,208	100.00%	38,909	100.00%	37,900	100.00%

Source:
ACC Office of Institutional Effectiveness.

Notes:
(a) Non-resident includes students whose legal residence is not Texas.
(b) Other includes students with tuition exemptions and waivers.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**STATISTICAL SECTION
(UNAUDITED)**

Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
Number	Percent								
26,452	68.51%	27,584	68.69%	29,546	70.34%	29,920	71.95%	27,602	72.92%
9,455	24.49%	9,927	24.72%	9,987	23.78%	9,429	22.68%	8,278	21.88%
2,704	7.00%	2,648	6.59%	2,471	5.88%	2,233	5.37%	1,970	5.20%
<u>38,611</u>	<u>100.00%</u>	<u>40,159</u>	<u>100.00%</u>	<u>42,004</u>	<u>100.00%</u>	<u>41,582</u>	<u>100.00%</u>	<u>37,850</u>	<u>100.00%</u>

Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
Number	Percent								
376	0.97%	473	1.18%	606	1.44%	519	1.25%	439	1.16%
11,161	28.91%	9,347	23.27%	12,202	29.05%	9,591	23.07%	8,951	23.65%
12,235	31.69%	13,364	33.28%	12,619	30.04%	13,138	31.60%	11,715	30.95%
7,123	18.45%	7,621	18.98%	8,315	19.80%	8,205	19.73%	7,344	19.40%
6,575	17.03%	8,148	20.29%	7,082	16.86%	8,739	21.02%	8,194	21.65%
1,035	2.68%	1,085	2.70%	1,068	2.54%	1,247	3.00%	1,070	2.83%
106	0.27%	121	0.30%	112	0.27%	143	0.33%	137	0.36%
<u>38,611</u>	<u>100.00%</u>	<u>40,159</u>	<u>100.00%</u>	<u>42,004</u>	<u>100.00%</u>	<u>41,582</u>	<u>100.00%</u>	<u>37,850</u>	<u>100.00%</u>

7.87

7.77

7.75

7.93

7.93

Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
Number	Percent								
27,986	72.48%	29,481	73.41%	31,291	74.50%	30,112	72.42%	27,587	72.89%
3,803	9.85%	4,460	11.11%	5,156	12.28%	6,422	15.44%	5,909	15.61%
908	2.35%	993	2.47%	949	2.25%	953	2.29%	856	2.26%
5,914	15.32%	5,225	13.01%	4,608	10.97%	4,095	9.85%	3,498	9.24%
<u>38,611</u>	<u>100.00%</u>	<u>40,159</u>	<u>100.00%</u>	<u>42,004</u>	<u>100.00%</u>	<u>41,582</u>	<u>100.00%</u>	<u>37,850</u>	<u>100.00%</u>

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**STATISTICAL SECTION
(UNAUDITED)**

**Student Profile
Last Ten Fiscal Years**

Gender	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent								
Female	16,924	44.12%	21,234	55.21%	21,448	54.70%	21,331	54.82%	21,057	55.56%
Male	21,438	55.88%	17,228	44.79%	17,760	45.30%	17,578	45.18%	16,843	44.44%
Total	38,362	100.00%	38,462	100.00%	39,208	100.00%	38,909	100.00%	37,900	100.00%

Ethnic Origin	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent								
White	16,898	44.05%	17,074	44.39%	17,537	44.73%	17,496	44.97%	17,569	46.36%
Hispanic	14,265	37.19%	14,142	36.77%	14,269	36.39%	12,995	33.40%	11,900	31.40%
African American	3,324	8.66%	3,092	8.04%	3,172	8.09%	3,061	7.87%	3,048	8.04%
Asian/Pacific Islander	2,309	6.02%	2,213	5.75%	2,318	5.91%	2,137	5.49%	2,085	5.50%
Non-Resident Alien	125	0.33%	145	0.38%	138	0.35%	151	0.39%	153	0.40%
Other/Unknown	1,441	3.76%	1,796	4.67%	1,774	4.52%	3,069	7.89%	3,145	8.30%
Total	38,362	100.00%	38,462	100.00%	39,208	100.00%	38,909	100.00%	37,900	100.00%

Age	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent								
Under 18	7,053	18.39%	6,462	16.80%	6,050	15.43%	5,294	13.61%	4,372	11.54%
18 -21	13,826	36.04%	14,033	36.49%	14,437	36.82%	14,238	36.59%	13,605	35.90%
22 - 24	4,874	12.71%	5,140	13.36%	5,322	13.57%	5,350	13.75%	5,436	14.34%
25 - 35	7,859	20.49%	8,489	22.07%	9,050	23.08%	9,403	24.17%	9,633	25.42%
36 - 50	3,678	9.59%	3,307	8.60%	3,417	8.72%	3,678	9.45%	3,843	10.14%
51 & over	1,072	2.78%	1,031	2.67%	932	2.37%	946	2.42%	1,011	2.66%
Total	38,362	100.00%	38,462	100.00%	39,208	100.00%	38,909	100.00%	37,900	100.00%

Average Age	24.4	24.5	24.5	24.7	25.2
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Source:
ACC Office of Institutional Effectiveness.

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

STATISTICAL SECTION
(UNAUDITED)

Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
Number	Percent								
21,402	55.43%	22,347	55.65%	23,311	55.50%	23,020	55.36%	21,115	55.79%
17,209	44.57%	17,812	44.35%	18,693	44.50%	18,562	44.64%	16,735	44.21%
38,611	100.00%	40,159	100.00%	42,004	100.00%	41,582	100.00%	37,850	100.00%

Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
Number	Percent								
18,303	47.40%	19,615	48.84%	21,246	50.58%	22,466	54.03%	21,720	57.38%
11,668	30.22%	11,698	29.13%	11,765	28.01%	11,067	26.61%	9,440	24.94%
3,208	8.31%	3,239	8.07%	3,812	9.08%	3,742	9.00%	3,596	9.50%
2,027	5.25%	2,403	5.98%	2,140	5.09%	2,503	6.02%	2,026	5.35%
877	2.27%	190	0.47%	193	0.46%	183	0.44%	476	1.26%
2,528	6.55%	3,014	7.52%	2,848	6.78%	1,621	3.90%	592	1.57%
38,611	100.00%	40,159	100.00%	42,004	100.00%	41,582	100.00%	37,850	100.00%

Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
Number	Percent								
4,501	11.66%	3,965	9.87%	3,487	8.30%	3,247	7.81%	2,913	7.70%
13,641	35.33%	13,877	34.56%	14,381	34.24%	14,371	34.56%	13,765	36.37%
5,311	13.76%	5,772	14.37%	6,331	15.07%	6,345	15.26%	5,822	15.38%
9,665	25.03%	10,665	26.56%	11,608	27.64%	11,508	27.68%	10,017	26.46%
4,323	11.20%	4,674	11.64%	4,929	11.73%	4,891	11.76%	4,296	11.35%
1,170	3.03%	1,206	3.00%	1,268	3.02%	1,220	2.93%	1,037	2.74%
38,611	100.00%	40,159	100.00%	42,004	100.00%	41,582	100.00%	37,850	100.00%

25.6	25.9	26.1	26.0	25.8
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AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**STATISTICAL SECTION
(UNAUDITED)**

**Transfers to Senior Institutions
2017-2018 Students as of Fall 2018**
(Includes Only Public Senior Colleges in Texas)

	Transfer Student Count (Academic)	Transfer Student Count (Technical)	Transfer Student Count (Tech-Prep)	Total of all ACC Transfer Students	% of all ACC Transfer Students
Angelo State University	39	3	5	47	0.53%
Lamar University	14	3	1	18	0.20%
Midwestern State University	7	2	-	9	0.10%
Prairie View A&M University	25	3	3	31	0.35%
Sam Houston State University	56	11	18	85	0.96%
Stephen F. Austin State University	55	11	6	72	0.82%
Sul Ross State University	8	2	2	12	0.14%
Tarleton State University	74	12	10	96	1.09%
Texas A&M International University	3	-	-	3	0.03%
Texas A&M University	620	117	58	795	9.02%
Texas A&M University - Central Texas	26	4	4	34	0.39%
Texas A&M University - Commerce	12	1	-	13	0.15%
Texas A&M University - Corpus Christi	64	16	5	85	0.96%
Texas A&M University - Kingsville	10	1	1	12	0.14%
Texas A&M University - San Antonio	12	5	2	19	0.22%
Texas A&M University at Galveston	10	6	-	16	0.18%
Texas Southern University	6	1	1	8	0.09%
Texas State University	2,424	273	231	2,928	33.21%
Texas Tech University	307	71	27	405	4.59%
Texas Woman's University	23	3	2	28	0.32%
The University of Texas - Rio Grande Valley	13	2	-	15	0.17%
The University of Texas at Arlington	117	15	5	137	1.55%
The University of Texas at Austin	2,359	283	117	2,759	31.29%
The University of Texas at Dallas	206	47	70	323	3.66%
The University of Texas at El Paso	13	1	2	16	0.18%
The University of Texas at San Antonio	297	59	31	387	4.39%
The University of Texas at Tyler	26	8	4	38	0.43%
The University of Texas of the Permian Basin	14	4	3	21	0.24%
University of Houston	91	27	12	130	1.47%
University of Houston - Clear Lake	9	2	1	12	0.14%
University of Houston - Downtown	10	2	1	13	0.15%
University of Houston - Victoria	9	3	2	14	0.16%
University of North Texas	159	42	22	223	2.53%
University of North Texas at Dallas	1	-	-	1	0.01%
West Texas A&M University	11	1	-	12	0.14%
Totals	7,130	1,041	646	8,817	100.00%

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**STATISTICAL SECTION
(UNAUDITED)**

**Capital Asset Information
Last Ten Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Academic Buildings	50	50	43	43	43	43	41	40	38	35
Square Footage (in thousands)	3,169	3,169	3,026	3,026	3,026	3,026	2,736	2,676	2,084	1,610
Administrative Buildings	2	2	2	2	2	2	2	2	2	2
Square Footage (in thousands)	170	168	168	168	168	168	168	168	168	168
Portable Buildings	8	10	10	10	10	10	10	10	10	10
Parking Garages	2	2	2	2	2	2	2	2	2	2
Transportation										
Cars	59	56	56	51	53	49	43	41	39	37
Light Trucks/Vans	108	101	103	102	92	87	90	87	75	79
Other	109	12	11	11	11	11	13	14	10	-

Source:
The ACC Fact Book (18-19).

**FEDERAL SINGLE AUDIT
SECTION**

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**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Independent Auditor's Report

To the Board of Trustees
Austin Community College District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Austin Community College District (the College), as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 20, 2019. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, Austin Community College Foundation, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the discretely presented component unit, Austin Community College Foundation, audited separately by other auditors, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

College's Response to Finding

The College's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Austin, Texas
December 20, 2019

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**Report on Compliance for the Major Federal Program
and Report on Internal Control Over Compliance as
Required by the Uniform Guidance**

Independent Auditor's Report

To the Board of Trustees
Austin Community College District

Report on Compliance for Each Major Federal Program

We have audited Austin Community College District's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the College's major federal programs for the year ended August 31, 2019. The College's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Federal Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

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Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and described in the accompanying Schedule of Findings and Questioned Costs as item 2019-003. Our opinion on each major federal program is not modified with respect to this matter.

The College's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-002 that we consider to be a significant deficiency.

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The College's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Austin, Texas
December 20, 2019

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AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2019

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Awards Received	Passed Through to Subrecipients	Expenditures and Pass Through Disbursements
U.S. DEPARTMENT OF EDUCATION				
Direct Programs:				
Student Financial Aid Cluster				
Federal Supplemental Education Opportunity Grants	84.007		\$ -	\$ 807,159
Federal Work-Study Program	84.033		-	777,152
Federal Work-Study Program	84.033		-	80,048
Federal Pell Grant Program	84.063		-	32,820,646
Federal Direct Student Loans	84.268		-	31,461,981
Total Student Financial Assistance Cluster			-	65,946,986
Childcare Access Means Parents in School	84.335A	P335A140013	-	9,392
Childcare Access Means Parents in School	84.335A	P335A180048	-	112,812
Discretionary/Competitive Grants to States	84.031A	P031A150121	-	365,292
TRIO Cluster				
TRIO Upward Bound	84.047	P047A171117	-	282,204
TRIO Upward Bound	84.047	P047A171123	-	279,904
Total TRIO Cluster			-	562,108
Pass-Through From:				
Texas Workforce Commission				
Adult Education Basic Grants to States	84.002A	1418A1A000	74,858	293,072
Adult Education Basic Grants to States	84.002A	1418A1A000	162,313	1,694,193
Adult Education Basic Grants to States	84.002A	2916AEL012	-	97,705
Adult Education Basic Grants to States	84.002A	1417AEL001	-	115,459
Adult Education Basic Grants to States	84.002A	1418A1A000	17,192	162,177
Adult Education Basic Grants to States	84.002A	1418A1A000	562	30,935
TWC Pell Grant	84.002A	2916AEL012	-	29,919
Community Action, Inc of Central Texas				
Adult Education Basic Grants to States	84.002A	1518A1A000	-	18,638
Adult Education Basic Grants to States	84.002A	1518A1A000	-	97,259
Total CFDA 84.002			254,925	2,539,357
Texas Higher Education Coordinating Board				
Career and Technical Education - Basic Grants to States	84.048	184208	-	1,054,324
Career and Technical Education - Leadership Grant	84.048	20417	15,625	125,963
Total CFDA 84.048			15,625	1,180,287
Researcher-Practitioner Partnerships in Education Research	84.305H	17548	-	21,045
Education Service Center, Region 13				
Twenty First Century Community Learning Centers	84.287C	N/A	-	59,804
Twenty First Century Community Learning Centers	84.287C	N/A	-	71,271
Twenty First Century Community Learning Centers	84.287C	N/A	-	6,195
Total CFDA 84.287C			-	137,270
TOTAL U.S. DEPARTMENT OF EDUCATION			270,550	70,874,549
U.S. DEPARTMENT OF LABOR				
Pass-Through From:				
Texas Workforce Commission				
WIOA Dislocated Worker Program - WIOA Cluster	17.278	1419INT001	-	255,398
Employment Service/Wagner-Peyser Funded Act - Employment Service Cluster	17.207	1416WPB001	-	-
TOTAL U.S. DEPARTMENT OF LABOR			-	255,398

Notes to Schedule E are on the Following Page

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2019

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures and Pass Through Disbursements
NATIONAL SCIENCE FOUNDATION				
Direct Programs:				
Education and Human Resources	47.076	DUE-1501207	-	545,630
Geosciences	47.050	1600177	-	35,255
Pass-Through From:				
Rochester Institute of Technology				
Education and Human Resources	47.076	DUE-1501756	-	28,305
Macromoltek, INC				
Engineering Grants	47.041	1632399	-	-
TOTAL NATIONAL SCIENCE FOUNDATION			-	609,190
EDUCATION CORPORATION OF NATIONAL AND COMMUNITY SERVICE				
Pass-Through From:				
AARP Foundation				
Social Innovation Fund	94.019	INC-2017-02-0075	-	125,698
TOTAL CORPORATION OF NATIONAL AND COMMUNITY SERVICE			-	125,698
U.S. DEPARTMENT OF AGRICULTURE				
Direct Programs:				
Hispanic Servin Institutions Education Grants	10.223	2017-38422-27109	-	34,280
Pass-Through From:				
Natural Resources Conservation Service				
Soil and Water Conservation	10.902	USDA-NRCS-TX-UCP-18-01	-	7,665
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	41,945
U.S. DEPARTMENT OF JUSTICE				
Direct Programs:				
Bulletproof Vest Partnership Program	16.607	BA-3A00S-SM02	-	4,602
TOTAL U.S. DEPARTMENT OF JUSTICE			-	4,602
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through From:				
Texas Workforce Commission				
Temporary Assistance for Needy Families	93.558	1418AIA000	98,188	98,188
Temporary Assistance for Needy Families	93.558	1418AIA000	6,231	33,531
Temporary Assistance for Needy Families	93.558	1418AIA000	-	3,728
Temporary Assistance for Needy Families	93.558	1418AIA000	-	53,767
Total TANF Cluster			104,419	189,214
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			104,419	189,214
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 374,969	\$ 72,100,595

Notes to Schedule E are on the Following Page

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2019

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule E) includes the federal award activity of Austin Community College under programs of the federal government for the year ended August 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The Schedule presents only a selected portion of the operations of Austin Community College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Austin Community College.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING SCHEDULE

The expenditures included in the schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that have been expended by the College for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule.

NOTE 3. FEDERAL STUDENT LOAN PROGRAM

During the fiscal year ended August 31, 2019, Austin Community College issued new loans to students under the Federal Direct Student Loan Program (FDLP). The loan program includes subsidized and unsubsidized Stafford Loans, Parent PLUS Loans and PLUS Loans for students. The value of loans issued for the FDLP is based on disbursed amounts. The loan amounts issued during the year are disclosed on the Schedule. Austin Community College is responsible only for the performance of certain administrative duties with respect to the federally guaranteed student loan programs and, accordingly, balances and transactions relating to these loan programs are not included in Austin Community College's financial statements. Therefore, it is not practicable to determine the balance of loans outstanding to students and former students of Austin Community College on August 31, 2019.

NOTE 4. INDIRECT COST RATE

The College has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Austin Community College District

Schedule of Federal Findings and Questioned Costs
Year Ended August 31, 2019

Section I. Summary of Auditor's Results

Financial Statements:

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? X Yes None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards:

Internal control over major federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? X Yes None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) X Yes No

Identification of Major Federal Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033, 84.063 and 84.268 84.048 84.002	Student Financial Aid Cluster Career and Technical Education Adult Education Basic Grants

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes No

(Continued)

Austin Community College District

Schedule of Federal Findings and Questioned Costs (Continued)
Year Ended August 31, 2019

Section II. Financial Statement Findings

(A) Internal Control

Finding 2019-001—Construction in Progress

Type of finding: Significant deficiency

Criteria: Construction in progress projects should be reclassified to depreciable assets once substantially completed and placed into service.

Condition: During testing of construction in progress, we noted several projects were substantially completed in the current and prior years, however, those projects were not reclassified to depreciable assets and depreciated, as required by accounting principles generally accepted in the United States of America.

Cause: The College does not have an adequate process in place to identify projects that are substantially complete and placed into service.

Effect: Construction in progress in the amount of approximately \$31,300,000 was reclassified from construction in progress to depreciable assets. This resulted in an understatement in depreciation expense in the amount of approximately \$563,000 in the current year and \$406,000 in the prior year.

Recommendation: We recommend the College develop a process to identify when projects are substantially completed and placed into service, so those projects can be capitalized to a depreciable asset and begin recording depreciation when the asset is placed into service.

Views of responsible officials: Management concurs with the finding. See corrective action plan.

(B) Compliance Findings

No matters were reported.

Section III. Federal Award Findings and Questioned Costs

(A) Internal Control

Finding 2019-002—Federal Direct Loan Borrower Exit Counseling

U.S. Department of Education: Student Financial Aid Cluster
CFDA 84.268 Federal Direct Student Loans

Award year: 2019

Type of finding: Significant deficiency

Austin Community College District

Schedule of Federal Findings and Questioned Costs (Continued)
Year Ended August 31, 2019

Criteria: Per 34 CFR 682.604, a school must ensure that exit counseling is conducted with each Federal Direct Loan borrower. In each case, the school must ensure this counseling is conducted shortly before the student borrower ceases at least half-time study at the school.

Condition: The internal controls did not consistently detect instances wherein exit counseling was required for Federal Direct Loan borrowers.

Context: In performing procedures over exit counseling, one instance out of the 40 tested was identified wherein the student was not provided with exit counseling.

Cause: The review process was not designed effectively to detect all instances wherein a student borrower completed the program and required exit counseling.

Questioned costs: None

Recommendation: The College should consider implementing a secondary reviewer control designed to detect all instances wherein a student borrower completes the program and requires exit counseling.

Views of responsible officials: Management concurs with the finding. See corrective action plan.

(B) Compliance Findings

Finding 2019-003—Federal Direct Loan Borrower Exit Counseling

Department of Education: Student Financial Aid Cluster
CFDA 84.268 Federal Direct Student Loans

Award year: 2019

See finding 2019-002 for federal direct loan borrower exit counseling.

**STATE SINGLE AUDIT
SECTION**

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**Report on Compliance for Each Major State Program and
Report on Internal Control Over Compliance as Required by
the State of Texas *Single Audit Circular***

Independent Auditor's Report

To the Board of Trustees
Austin Community College District

Report on Compliance for Each Major State Program

We have audited Austin Community College District's (the College) compliance with the types of compliance requirements described in the State of Texas *Single Audit Circular* that could have a direct and material effect on each of the College's major state programs for the year ended August 31, 2019. The College's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of State Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the State of Texas *Single Audit Circular*. Those standards and the State of Texas *Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the College's compliance.

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Opinion on Each Major State Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended August 31, 2019.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State of Texas *Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State of Texas *Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Austin, Texas
December 20, 2019

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AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2019**

Grantor Agency/Program Title	Grant Contract Number	Passed Through to Subrecipients	Total Expenditures
Texas Higher Education Coordinating Board			
Central Texas Pathways	16157	\$ -	\$ 2,978
Fifth Year Accounting Scholarship	-	-	3,000
Nursing Shortage Reduction Program - Regular	-	-	111,964
Nursing Shortage Reduction Program Over 70 FY 2017	17752	-	31,207
Nursing Shortage Reduction Program Over 70	-	-	259,547
Nursing Innovation Grant Program 2017-2018	18020	-	8,958
THECB Professional Development Program	20680	-	106,683
(I-STEM) Challenge Scholarship Program	16894	-	88,635
Texas Education Opportunity Grant	36002	-	1,690,090
Texas Education Cert Aide	36010	-	3,065
Texas College Workstudy 2019	22339	-	115,800
Texas College Workstudy 2020	22339	-	435
THECB College Readiness	18666	-	16,093
Work Study Student Mentorship Program	15547-17504	-	34,211
Total Higher Education Coordinating Board		-	2,472,665
Office Of The Governor Of The State of Texas			
Defense Economic Adj Asst Grant	-	-	2,000,000
Texas Technology Fund	-	-	520,259
		-	2,520,258
Law Enforcement Ed			
	-	-	2,211
Texas Workforce Commission			
Adult Education Basic Grants to State	1418AIA000	281,249	287,603
Adult Education Basic Grants to State	1418AIA000	36,108	36,108
Skill Development Fund ST David's Consortium	1418SDF001	-	352,068
Skills for Small Business 17-18	1417SSD000	-	2,454
Skills for Small Business 18-19	1419SSD001	-	13,291
Skills Development Fund IT Consortium (Samsung)	1418SDF002	-	691,174
Skills Development Fund, NXP USA, Inc.	1418SDF000	-	274,946
TWC Distance Learning Capacity Building Initiative	2919AEL000	-	78,850
ACC-ARMA Consortium	1417SDF001	-	18,826
Total Texas Workforce Commission		317,357	1,755,320
Texas Commission On State Emergency Communications			
Enterprise Geospatial Data Management System (EGDMS)	ICC no. 477.9.00034	-	20,152
Texas Water Development Board			
Student FY 18 Internship	1800012140	-	40,540
Texas Commission on Environmental Quality			
Alternative Fueling Facilities Program - Cypress	582-18-83059-2677	-	7,786
Alternative Fueling Facilities Program - Northridge	582-18-83058-2677	-	6,170
Alternative Fueling Facilities Program - Rio Grande Park	582-18-83060-2677	-	11,630
Total Texas Commission on Environmental Quality		-	25,586
Total Expenditures of State Awards		\$ 317,357	\$ 6,836,732

Notes to Schedule F are on the Following Page

AUSTIN COMMUNITY COLLEGE DISTRICT
Austin, Texas

NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2019

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of state awards (Schedule F) includes the state award activity of Austin Community College under programs of the state government for the year ended August 31, 2019. The information in this Schedule is presented in accordance with the requirements of the state. The Schedule presents only a selected portion of the operations of Austin Community College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Austin Community College.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING SCHEDULE

The accompanying schedule is presented using the accrual basis of accounting. See Note 2 in the notes of Basic Financial Statements for the College's significant accounting policies. The expenditures included in the schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.

Austin Community College District

Schedule of State Findings and Questioned Costs
Year Ended August 31, 2019

Section I. Summary of Auditor's Results

Financial Statements:

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? X Yes None Reported

Noncompliance material to financial statements noted? Yes X No

State Awards:

Internal control over major state programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies)? Yes X None Reported

Type of auditor's report issued on compliance for major state programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of the State of Texas *Single Audit Circular*? Yes X No

Identification of Major State Programs:

<u>State Identifying Number</u>	<u>Name of State Program</u>
36002	Texas Education Opportunity Grant
1418AIA000	Adult Education Basic Grants
N/A	Defense Economic Adjustment Asst. Grant
1418SDF001	
1417SSD000	
1419SSD001	Skills Development Fund Cluster
1418SDF002	
1418SDF000	

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X Yes No

(Continued)

Austin Community College District

Schedule of State Findings and Questioned Costs (Continued)
Year Ended August 31, 2019

Section II. Financial Statement Findings

(A) **Internal Control**

See finding 2019-001.

(B) **Compliance Findings**

No matters were reported.

Section III. State Award Findings and Questioned Costs

(C) **Internal Control**

No matters were reported.

(D) **Compliance Findings**

No matters were reported.

From: Angela Hodge, Vice President, Business Services

Subject: Audit Finding 2019-001 Business Services' Response

Finding 2019-001 – Construction in Progress:

During testing of construction in progress, we noted several projects that were substantially completed in the current and prior years; however, those projects were not reclassified to depreciable assets and depreciated, as required by accounting principles generally accepted in the United States of America.

Business Services Response:

We have completed an analysis of the root cause for this deficiency to eliminate the cause and prevent the issue from occurring again. It was determined that the assets were not reclassified and depreciated due to human error.

Corrective Action(s):

Going forward, to ensure the accuracy of CIP and depreciation, new procedures will be implemented by the Facilities and Construction and Business Services' divisions.

1. **Communication**
After determining who is going to be assigned this task, the Business Services' division will be promptly notified when assets are placed into service.
2. **Monitoring**
The responsible parties shall create a checklist to ensure that the applicable journal entries are created, reviewed, and posted.
3. **Accountability**
The transactions will be reviewed by the project so that it is easier to identify what has been completed. Also, the Record to Report leadership team shall review and approve the account reconciliations.

Contact Person: Angela Hodge, Vice President, Business Services

Anticipated Completion Date: January 31, 2020

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From: Jason Briseno, Executive Director of Student Assistance

Subject: 34 CFR 682.604 Exit Counseling Audit Finding Response

Findings 2019-002 and 2019-003 – Federal Direct Loan Borrower Exit Counseling

One student, for whom Loan Exit Counseling was required, was not sent notice of the requirement.

FA Office Response:

FA Office management agrees with the finding. Notice of the loan exit counseling requirement should have been sent to the student but was not. It was determined that this student's counseling notice was mistakenly eliminated by human error and not by a process error.

Corrective Actions:

1. Exit counseling packet was mailed to the student on December 12, 2019, and the student's file was updated to indicate the packet was mailed.
2. To ensure the accuracy of students needing future exit counseling notices, the Executive Director of Student Assistance will implement the following steps:
 - a. The Loan Supervisor will, via email, verify with the Business Analyst the total number of students on the SLED list that was produced by the SLCR statement.
 - b. The Business Analyst will use the SLED list to enter the loan exit indicators on the student records by using CRG.
 - c. The Business Analyst will then reply to the Loan Supervisor's email confirming the total number of students who received the loan exit indicators.
 - d. The Loan Supervisor will verify that the numbers match and, in the event of a discrepancy, will research and resolve the mismatch.

Contact Person: Jason Briseno, Executive Director of Student Assistance

Anticipated Completion Date: December 20, 2019

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